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THE NONPROFIT ETHICS SURVEY: A CONTEXTUAL APPROACH

by

AUDREY DAWN BARRETT

A dissertation submitted in partial fulfillment
of the requirements for the degree of

Doctor of Philosophy
University of San Diego

April 2008

Dissertation Committee

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ABSTRACT

Organizational ethics require the attention of nonprofit leaders as regulatory trends and accountability measures increase. In spite of this interest, little empirical research has been conducted on ethics assessment within the nonprofit sector and more importantly, no survey instrument currently exists exclusively designed for nonprofit organizations to assess the perceptions of ethics within their organization. This lack of tools and information prohibits comprehensive self-assessment, and forces a reactive, single-loop approach to ethical issues, rather than a feedback system based on actual data.

To address this need, the Nonprofit Ethics Survey provides a practitioner-friendly survey designed to assess the perceptions of ethics held by the affiliates of nonprofit organizations. Development of the instrument occurred through the use of factor analysis, specifically, two principal components analyses, conducted on a sample of 530 nonprofit affiliates; which included 78 board members. The results of the first factor analysis identified the following six underlying constructs: Transparency; Daily-Ethics Behaviors of Board Members; Open Communication; Daily-Ethics Behaviors of Senior Staff; Decision Making; and Accountability. The second principal components analysis, conducted on a question set only responded to by voting board members, yielded a promising preliminary seventh construct to measure Governance. Taken together, the two principal components analyses facilitated the revision of the survey to achieve a parsimonious means of measuring the perceptions of ethics within nonprofit organizations. Additionally, a measure of Cronbach's Alpha was calculated for each scale in the survey to determine the level of internal consistency; these coefficients ranged from 0.86 - 0.94, indicating the survey provides a reliable means of measuring the

constructs related to organizational ethics in nonprofit agencies. Each scale in the Nonprofit Ethics Survey uses Likert-style questions in addition to a small number of dichotomous variables and overall rating questions.

The creation of a statistically sound instrument designed to assess nonprofit ethics ensures that organizations have the ability to accurately self-assess from an ethical perspective. As such, the development of this practitioner-friendly, statistically supported instrument that is well-grounded in theory represents a significant contribution to both the theoretical and empirical literature on nonprofit organizational ethics and third sector studies.

DEDICATION

Kevin Michael Barrett

My dear, darling, and ever-supportive husband. I may have embarked on this journey before our lives joined, but I could not have finished it without you.

ACKNOWLEDGEMENTS

I wish to acknowledge and thank The Institute for Nonprofit Education & Research at The University of San Diego and the Caster Family Center for Nonprofit Research for their generous funding and support of this study. Additionally, I extend special thanks to Pat Libby for first envisioning the Nonprofit Ethics Project.

I wish to acknowledge the following individuals for their direct support: Dr. Fred Galloway, Dr. Robert Donmoyer, Dr. George Reed, Pat Libby, Laura Deitrick, Ryan Moscoe, Kevin Barrett, Aidan Barrett, and Annie Smallwood.

I wish to thank the following individuals for their indirect support: Julie Barnett, Aidan Barrett, Angela Barrett, Kevin Barrett, Robin Barrett, Dr. Maribel Bradberry, Kendra Brandstein, Don Buggia, Dr. Kristen Cole, Sharon Fuller, Dr. Piedad Garcia, Amanda Gilden, Cynthia Grove, James Grove, Dr. Kay Krohne, Kelly Larson, Dr. John Leake, Lindsey McDougal, Arthur McNabb, Catherine McNabb, Barbara Moncrieff, Teri Muhn, Karen Pawloski, Robert Pettibone, Randall Rattray, Dave Tillman, Sylvia Tillman, Valerie Townsend, Hung Tran, Greg Uscicki, Fred Wahlig, and Stacy Young.

In addition to the dedication of this study to my husband, I also dedicate it to the many individuals who have the intellect, but not the economic, emotional, or intrapersonal resources to pursue their dreams. Because of the direct and indirect support from those named above, and many others, I was able to accomplish this goal and make this contribution.

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CHAPTER ONE

Background, Context, and Purpose of the Study

Ethical issues can present an image of simplicity while actually possessing overwhelming complexity for the entity facing the issue. This holds particularly true when an organization faces an ethical challenge. Organizations constitute dynamic systems whose decision making and actions frequently result from multiple factors. Some of these factors include broader forces, known in the literature as organizational climate and culture. Climate and culture assert a salient effect on ethics and represent an often subtle, but extraordinarily powerful, dimension related to ethical actions in an organization. Surprisingly, in spite of identified powerful links between ethical context (also known as climate and culture) and organizational behavior, the area of organizational level ethics assessment remains largely unexplored.

A plethora of contemporary book titles such as *Organizational Ethics*, *Ethics in the Workplace*, *Stakeholder Theory and Organizational Ethics*, and many others, address the issue of organizational ethics (Phillips and Freeman, 2003; McDaniel, 2004; and Johnson, 2006). The wealth of publications indicates that the assessment of ethics at the organizational level represents a topic of potential interest to all types of organizations including those within the three primary economic sectors: for-profit businesses (known as the first sector), government entities (the second or civil sector), and nonprofit, philanthropic, or charitable organizations (the third sector). The three sectors share many similarities. However, important distinctions exist related to resource attainment and limitations on how the organizations within each sector may distribute profit (Steinberg, 2006). Thus, each sector maintains a unique character. The organizational-level ethics

assessment of solely nonprofit, philanthropic, or charity organizations comprises the focus of this study (note, throughout this paper I will use the terms *nonprofit*, *philanthropic*, and *charity* organizations interchangeably).

To commence this inquiry into organizational-level ethics assessment of nonprofit organizations, I will provide background and contextual information including a description of the sector's size and scope. Additionally, I will discuss special issues facing nonprofits and the primary motivations for the sector to embrace ethics assessment at the organizational level. The articulation of these motivations will provide support for the intent and purpose of this study: To contribute to the field of nonprofit or third sector studies by developing a valid and reliable survey instrument to assess ethics in nonprofit organizations. I will conclude the background and context sections of this chapter with support for the choice of survey methodology and an introduction to seven constructs identified to assess nonprofit ethics. Finally, I will close this chapter with a summary of the problem statement and an articulation of the specific research question to be addressed.

Background to the Study

Scholars have studied the role of nonprofits and voluntary associations in the United States since the nineteenth century. Perhaps most famously, the French author and statesman, Alexis de Tocqueville, made astute observations about the propensity of American citizens to form associations (Tocqueville as cited in Cropf, 2008). Cropf reports that Tocqueville's observations yielded his theory that the existence of democracy requires the presence of associations within society. Cropf shares Tocqueville's perspective and he explains that modern researchers have advanced this theory by

suggesting that voluntary organizations (nonprofits) are related to the health of democracy. Cropf concludes that greater health within the civil society, as indicated by a greater number of associations, positively correlates with greater health within the democracy.

Associations, as described by Alexis de Tocqueville, include more than our modern understanding of nonprofit 501(c)(3) organizations. Tocqueville's observations included associations of people organized around ideologies and causes, in addition to voluntary or nonprofit associations. Modern scholars debate the inclusion of these types of organizations in the definition of the third sector, and this debate has yielded recent articles about an emerging definition of *social economy* (Anheier & Salamon, 2006; Powell & Steinberg, 2006; and Lohmann, 2007). An in-depth exploration of the notion of a broader social economy, versus a more exclusive third sector, lies beyond the scope of this paper. Thus, although I acknowledge the presence of the debate in the literature, this study will employ the accepted, but narrower, concept of the third sector.

Defining and Describing the Sector

In the United States tax designation as a 501(c)(3) organization by the Internal Revenue Service (IRS) typically identifies members of the third sector for research purposes, and estimates report that 1.9 million tax exempt organizations exist (Boris & Steuerle, 2006; Lohmann, 2007; Independent Sector, 2008, National Center for Charitable Statistics, 2006). Global numbers of nonprofit entities are currently unknown, but presumed to be vast (Anheier & Salamon, 2006). Beyond the large numbers of nonprofits and their role in shaping and preserving democracy, philanthropy also has a significant fiscal impact. In 2004, the third sector contributed 5.2% of the U.S. gross

domestic product (Independent Sector, 2008). This contribution will likely grow, as the nonprofit sector continues to accrue great wealth. In the coming 55 years, the transfer of wealth between generations will bequeath a projected 6 to 24.8 trillion dollars to nonprofit organizations (Havens & Schervish, 1999). Havens and Schervish describe the forthcoming infusion of funds into the sector as the “dawning of a golden age in philanthropy” (p.8). The sector’s size, scope, and economic impact yield a prediction that issues of ethics will continue to gain prominence in years to come. Thus, a need for valid and reliable tools to assess ethics at the organizational level already exists and will likely increase, given the predictions for growth and the current trend towards formalized regulation.

Existing Work on Assessing Organizational Ethics

The business sector, followed by the government sector, has conducted the largest amount of work in the area of assessing and understanding organizational ethics. However, the work in both of these milieux has been limited, and has often focused on solely one part of the organization: for example, they tend to highlight the ethics of executive managers or the effect of ethics policies on compliance. In the nonprofit literature, the majority of work on ethics has focused on issues of compliance. Three forms of work exist: (a) checklists to determine whether organizations use empirically supported best practices, (b) checklists to measure the level of compliance with regulatory statutes, and (c) voluntary certification programs. Markedly little empirical work exists on nonprofit ethics, and no studies have assessed ethics at the organizational level exclusively in nonprofit agencies.

Limitations of the existing work in this area indicate a clear need for further empirical research. The following sections of this paper discuss some of the special issues facing nonprofits and the primary motivations for nonprofit organizations to embrace organizational-level ethics assessment. These sections also help to further define the types of research and tools needed to support the goals of this study and to advance the field of third sector studies.

Context

Special Issues Facing Nonprofit Organizations

Because nonprofit organizations serve as stewards of public monies they receive tax exemption privileges. This benefit comes in exchange for the work and services they provide to the societal common good. Nonprofit organizations historically have filled the gap between (a) the goods and services provided by business and government and (b) the remaining unmet needs of communities. This has included the specialized needs of marginalized populations. Since the work of nonprofits receives public scrutiny, and often depends on the generosity of donors to continue providing services, nonprofits have a vested interest in maintaining ethical organizations. Healthy and able nonprofit organizations increasingly recognize the value of maintaining high ethical standards. These organizations strive to create an ethical context in which ethical behavior is the default behavior.

Motivations for Embracing Organizational-Level Assessment

Primary motivations for the nonprofit sector to engage in organizational-level ethics assessment include compliance with governmental regulation and providing the best possible stewardship of public monies and trust. I will address the key elements of

these motivations in the paragraphs that follow to demonstrate the benefit of organizational-level ethics assessment to charity organizations.

Governmental Regulation

Nonprofit organizations have reason to expect increased governmental regulation soon because the three economic sectors tend to follow the same trends. Following the passage of the Sarbanes-Oxley Act of 2002, which holds businesses to higher accountability standards, a ripple effect occurred in the nonprofit sector. Since 2002, seven states have put forth similar legislation for nonprofit accountability (Mulligan, 2007). As a result of this movement towards increased governmental regulation, and in the interest of raising the standard of nonprofit operations, nonprofit leaders and advocates have proactively increased the forms and modes of self-regulation within the sector. However, most self-regulatory efforts have focused on compliance, which is necessary, but insufficient to establish consistently high levels of ethical conduct.

Increased self-regulation by the sector. The recent promotion of published standards for ethics, legal compliance, empirically supported best practices, voluntary certification programs, and the resulting educational campaigns have increased the self-regulatory practices within the nonprofit sector. Published standards for legal compliance and best practices typically combine the minimum legal standards for nonprofits with the known best practices for governance, transparency, and financial matters. These integrated checklists serve as benchmarks against which to compare organizations (BoardSource, 2007; Independent Sector, 2007; Panel on the Nonprofit Sector, 2007; Standards for Excellence, 2007). Voluntary certification programs have also emerged as a form of self-governance, and they typically require verified compliance with specific

published guidelines. With verified compliance from the accrediting body, nonprofit organizations receive certification in exchange for a fee (Better Business Bureau, 2007; Standards for Excellence, 2007). Additionally, academics, practioners, and *pracademics* (practioner/academics) debating the relevant issues and promoting the best practice recommendations have increased the sector's awareness of self-regulatory issues. Finally, educational campaigns have facilitated increased self-regulation in the sector both formally and informally.

A rapid increase in the awareness of ethics (and other important issues) throughout the nonprofit sector comes as a secondary benefit of educational efforts. The plethora of articles discussing self-regulation and the level of support for the above-described compliance guidelines show a movement to adopt widely accepted standards within the sector (Berns, 2007; Michaels, 2007; Panel on the Nonprofit Sector, 2007).

However, some critics of the self-regulation movement exist. These individuals deem the sector's actions and recommended guidelines too weak. Specifically, the Panel on the Nonprofit Sector's Principles for Good Governance and Ethical Practice (2007) represents a missed opportunity to create guidelines with real depth (Berns, 2007; Michaels, 2007). The lack of perspicuity may be a result of the diversity of the sector and the panel's attempt to design a one-size-fits-all set of standards, but the critique stands (Michaels, 2007). To the panel's credit, within the guidelines, graduations serve to increase the auditing and recommended regulatory actions based on organizational budget size. However, the overall reception by the nonprofit community indicates that the guidelines are too weak for large organizations and too overbearing for small nonprofits (Berns, 2007; Michaels, 2007). Regardless, potential outcomes of these

efforts in all areas include increased use of empirically supported best practices, and a smaller gap between known ethical behaviors and what actually occurs day-to-day in nonprofit organizations.

Compliance. Compliance constitutes one aspect of ethical behavior, and ethics (including ethical behavior) serves as a cornerstone of social context. Thus, the relationship between ethics and social context makes compliance important. Checklists represent a useful way to measure compliance, and best practice and compliance checklists provide recommendations for how things *should be* in an organization. However, compliance alone has limits. The existence of a policy says nothing about the practical application and use of the policy – specifically, how things *actually are* in the organization. Further, the literature shows that the most beautifully written, long-established, and formally adopted code, policy, or procedure within an organization will prove no match for the ethical context of the organization if the code, policy, or procedure conflicts with the ethical context (Deal & Kennedy, 1982; Trevino, Butterfield, & McCabe 1998; Victor & Cullen, 1988). This means organizations committed to preventing ethical lapses must focus on creating a culture that fosters an ethical environment. Stated another way, compliance checklists and organizational best practice guidelines provide a good start, but no more, as they ignore the integral role of social context in ethical behavior. Gebler (2006) provides support for efforts beyond compliance when he notes that if organizations want to decrease their risk of unethical conduct, they must put their energy into building the right culture, over building a compliance infrastructure.

Ultimately, the rationale for increased levels of self-regulation is triple-pronged. First, successful self-regulation may deter or slow increased governmental regulation. Second, if governmental regulation remains likely, or unavoidable, then proactive movement to self-regulation will ease the burden of compliance when imposed regulation occurs. Finally, the sector can collectively raise the standard of accountability by promoting increased knowledge of empirically supported best practices. The increased accountability and the advances in knowledge will serve both nonprofit organizations, and an increasingly informed and sophisticated public.

Stewards of Public Monies and Trust

The second motivation for nonprofit organizations to embrace measures of organizational-level ethics assessment relates to their position as stewards of public monies and trust. Nonprofits seeking to keep the faith of donors and all stakeholders in the organization must regard efforts to build and maintain ethical organizations as critical. Specifically, they must work to maintain public trust.

The employment of regular and formalized evaluation provides two beneficial outcomes for positively developing the ethical context of organizations. Evaluation increases the use of recognized best practices within organizations, thus, leading to healthy, progressive, and adaptive organizations (Buckmaster, 1999; Kaptein, Huberts, Avelino, & Lasthuizen, 2005). Additionally, *learning organizations*, an organizational type described by Argyris (1977) and Senge (1990) use evaluation feedback to promote positive growth with their organizations. Scholars report that possessing the traits of a learning organization serves to enhance public trust (Buckmaster, 1999; Kaptein et al., 2005; Hall & Panepento, 2008).

Argyris (1977) and Senge (1990) define organizational learning as a process of identifying and removing barriers to knowledge. Argyris describes two types of organizational learning: single-loop and double-loop. Single-loop learning works in a reactive manner: an organization or system recognizes a problem and then takes steps to correct the problem. Argyris uses a thermostat as an example to describe single-loop learning. Thermostats recognize if a room temperature is too high or too low and then adjust the temperature. However, single-loop learning, like the thermostat, functions only as a reactive response. Single loop learning provides no opportunity to prevent the problem, simply to fix it once it has occurred. Double loop learning involves an organization or system questioning its policies and procedures and their underlying objectives (Argyris, 1977). Double-loop learning represents a proactive response, and engaging in it can promote an evaluative atmosphere that may prevent problems. Double-loop learning develops the ethical context of organizations in a positive manner, and it requires self-examination and assessment (Goodpaster, Maines, & Weimerskirch, 2004; Houchin & Nicholson, 2002). Learning organizations have an increased likelihood of ethical integrity (Buckmaster, 1999; Kaptein et al., 2005), as the process of questioning the underlying assumptions that compose the social and ethical context of an organization facilitates transparency (Goodpaster et al.).

Unfortunately, the current state of the nonprofit sector's attempt at self-regulation constitutes a process primarily informed by single-loop learning (Abraham, 2006). Specifically, the creation of compliance checklists models a thermostat approach: compare an organization's current activities to a predetermined standard to see how it measures up (e.g., if the room is too hot or too cold). Moving philanthropic organizations

(and the sector as a whole), towards double-loop learning, will require the ability to assess and question the current state of affairs in a more sophisticated manner. This means searching beyond the surface-level policies and procedures to access their underlying objectives. Access will facilitate the ability to attend to the subtleties of the organization's social and ethical context. A prerequisite for charity organizations' ability to make movement forward depends on the availability of valid and reliable tools. Tools serve to facilitate the assessment of the social context and ethical dimension of organizations and thus allow data to inform conversations. This raises two important questions: (a) what qualifies the nonprofit sector to warrant its own tool or instrument to assess organizational ethics, and (b) what type of instrument would best meet the needs of the nonprofit community?

Responding to a Critical Need

Distinctions between the Sectors

Important distinctions exist between the three economic sectors, largely related to the acquisition of resources and regulations around the distribution of profits (Steinberg, 2006). Nonprofit entities operate under a non-distribution constraint, which prohibits the distribution of profits to their leadership (Hansmann, 1980 cited in Steinberg, 2006). This prohibition on the sharing of profits presents in stark contrast to the for-profit model, where shareholders expect to receive a percentage of profits. The non-distribution constraint "provides a clear distinction that affects how the organization obtains resources, how it is controlled, how it behaves in the marketplace, how it is perceived by donors and clients, and how its employees are motivated." (Steinberg, p.119). Given that philanthropic organizations depend largely on donor generosity, one can see how the

perceptions of a nonprofit organization as ethical serve as particularly relevant, and directly link with continued viability.

The nonprofit sector and government sectors also exhibit distinct boundaries between each other and their roles in our economy. Nonprofit scholar Steinberg (2006) notes, the government sector serves as a mediator, facilitator, and regulator of both for-profit and nonprofit activities. Steinberg uses the example of governments providing roads and highways, which provide literal access to and between places that members of all sectors use. This supports Steinberg's categorization of government as a facilitator or intermediary. Further, governments provide subsidies to specialized groups as needed, and they fill the gap when for-profit or nonprofit entities breach their contract with the public to provide needed goods and services.

The unique quality of the nonprofit sector, as distinct from its for-profit and government siblings, provides the basis for the development of a survey designed specifically for assessing organizational ethics within nonprofit agencies (Hansmann, 1980 as cited in Steinberg, 2006; and Steinberg, 2006). The nuanced, and at times, overt differences between the sectors render tools designed for one sector as insufficient to fully assess the others. Stated another way, it's not that assessment tools cannot be used across sectors with some success, but that the distinctions among the sectors indicate that each warrants an instrument designed specifically to meet the needs of that particular sector. Additional support for developing an instrument specifically for the third sector comes from recognizing the weakness of existing tools. The business literature identifies poor use of instrument pre-testing, limited validity and reliability testing, and antiquated practices, among many tools used to assess ethics in the for-profit sector (Randall &

Gibson, 1990). If the validity, reliability, and development methodologies used to create the instruments used by the for profit sector remains questioned by business scholars, it raises serious questions about using the tools in a valid and reliable manner across sectors.

The Selection of Survey Methodology

Now that I have established the need and support for developing a tool specifically for the nonprofit sector, the question remains: what type of instrument would best meet the ethics assessment needs of the nonprofit sector? Survey methodology as the instrument type emerges as a strong choice, and receives support in the literature as an effective method for assessing social context (Rousseau, 1990). Surveys provide avenues for uniform data collection, increased anonymity, easy use for already-busy nonprofit executives, and the capacity for both intra-organizational and inter-organizational analysis of results – for example, comparison of responses from board members versus line staff provides for assessment of intra-organizational consistency or disparity in the perceptions of ethics (Fink, 2003). Additionally, responses from organizations similar in type or size can provide inter-organizational information. Survey methodology provides other significant benefits, and chapters two and three provide additional information on the use and support of survey methodology in this study.

The Identification of Constructs

As noted previously, the business sector has provided the most literature on the topic of organizational ethics. However, Steinberg (2006) notes the distinction among the sectors and Prewitt (2006) notes little empirical research exists to support the applicability of business practices to the nonprofit sector. This lack of research contrasts

with the many articles touting the benefits of social entrepreneurs; successful business professionals who transition their efforts to nonprofit and social change causes (Hartigan, 2006; Dees, 2007). Nevertheless, one study conducted on ethics in the business sector does have relevance to nonprofit ethics: The National Business Ethics Survey (NBES), conducted by the Ethics Resource Center. The NBES stands as the current gold standard for assessing ethics in the business sector, and it has received very little criticism in the literature. The Ethics Resource Center developed the NBES and has conducted the survey five times since 1994, with a future plan of administering the survey every two years. The last four NBES have had a sample size of approximately 10,000 subjects and they yielded a response rate of 32% in the 2005 survey. Approximately 15% of the subjects who responded to the survey worked for nonprofit organizations ($n = 558$). The NBES assesses eighteen aspects of ethical behavior, including those linked to the ethical context of the organization. In this manner, a review of the results from the past two iterations of the NBES assisted in the design of a survey tool exclusively for nonprofit organizations. The NBES directly provided a starting point for how to assess the daily-ethics behaviors of organizational members through a construct contained in its monograph entitled *Ethics-Related Actions*.

In addition to the NBES construct of ethics-related actions, I identified six other constructs as relevant to assessing ethics in nonprofit organizations through a two-part process. First, I engaged members of San Diego's third sector in discussions about ethics. Second, I conducted a comprehensive literature review. The literature review supported the six constructs articulated by the San Diego community and identified the seventh construct adapted from the NBES. I named the seven constructs used to design

the Nonprofit Ethics Survey as follows: Mission; Organizational Transparency; Open Communication; Decision Making; Advocacy, Educational Opportunities, & Training; Governance; and Daily-Ethics Behaviors. Chapter two provides detailed support for each construct, and chapter three describes the crafting of questions to assess each construct.

Problem Statement

Support for the above seven constructs, the benefits of engaging in double-loop learning, and critical reasons to engage in regular and formalized assessment are clearly noted in the academic literature and often discussed in popular organizational and leadership texts. However, statistically valid and reliable tools designed specifically to assess the ethics of nonprofit entities at the organizational level remain missing from the literature. In fact, no known empirical research conducted exclusively in the arena of organizational-level ethics assessment for nonprofit organizations exists, and there is evidence suggesting that the tools and practices effective in other sectors do not directly translate to the third sector (Prewitt, 2006). The lack of research and the key points addressed in this chapter highlight the presence of a knowledge gap in the field of nonprofit ethics. The existence of this knowledge gap yields the problem statement for this research study: a need exists for a valid and reliable means to assess ethics at the organizational level in philanthropic organizations.

Purpose of the Study

Decreasing the identified knowledge gap in the area of assessing ethics at the organizational level in nonprofit organizations served as the primary purpose of this study. Key constructs relevant to assessing ethics in nonprofit organizations provided the means to develop a statistically valid and reliable survey instrument. The creation of this

instrument places a valid and reliable survey instrument into the literature and provides nonprofits the opportunity to practice one of the integral characteristics of learning organizations, regular and formalized assessment.

The statistical testing of this instrument, the Nonprofit Ethics Survey, gathered participant responses to the survey through two phases of recruitment. The first phase of recruitment involved administering the survey to individuals active within the nonprofit sector who work for a variety of philanthropic organizations, and the second phase of recruitment involved administering the survey to multiple individuals affiliated with a single nonprofit organization. Statistical analysis of the data collected yielded results that allowed for refinement of the survey. Factor analysis, specifically principal components analysis and a measure of Cronbach's Alpha comprise the statistical measures used to determine the validity and reliability of the Nonprofit Ethics Survey.

Completing the testing of the Nonprofit Ethics Survey yielded a valid and reliable instrument for assessing the ethics of nonprofit organizations at the organizational level. The addition of a statistically sound survey instrument to the body of knowledge about nonprofit ethics provides dual benefits. First, it will serve as useful to individual organizations that keep abreast of best practices and engage in formalized assessment, behavior recognized as good for a multitude of reasons (BoardSource, 2007; Buckmaster, 1999; Independent Sector, 2007). Second, the study promises to provide benefits to the sector at large. Access to a valid and reliable survey may help facilitate sector-wide movement towards engaging more frequently in double-loop learning. This would represent a change from its current method of reactive behavior (Kaptein et al., 2005). Clearly, both outcomes have potential benefit. Even without a measurable sector-wide

impact, the addition of a valid and reliable tool to assess ethics in nonprofit agencies at the organizational level provides a valuable contribution to the field of third sector studies.

Research Question

To accomplish the purpose of this study, I will attempt to answer the following research question: From a reliability perspective, to what extent do the proposed survey items cohere when tested on individuals from a wide array of nonprofits?

CHAPTER TWO

A Review of the Literature

Organizational climate and organizational culture constitute two concepts integral to assessing and understanding the contextual elements of organizational behavior. An overview of their definitions and evolutionary roots, and an examination of their areas of confluence and divergence, will provide a useful backdrop for understanding the goals of this study. The consideration of these two constructs reveals more similarities than differences and highlights the evolution of the field towards an integrated approach useful for studying organizations. This chapter will also present literature linking organizational climate and culture, also called context, to ethics. It will conclude with a review of the literature supportive of the constructs measured by the proposed Nonprofit Ethics Survey (Mission; Organizational Transparency; Open Communication; Decision Making; Advocacy, Educational Opportunities, and Training; Governance; and Daily-Ethics Behaviors).

Organizational Climate

Such early and notable works as Follett (1926), Barnard (1938), Weber (1947) and Marx (1844), among others in the literature, have explored the human dimension of organizations. These authors represent some of the first to recognize that the underlying values of organizations affect workers and that a socialization process occurs in the workplace. The exploration and examination of the human element developed into a specialized branch of organizational study with the social context of organizational life as its focus. Thus, organizational climate represents one of the first widely studied concepts to address the social context in organizations.

Definitions

A multitude of definitions for organizational climate provide different perspectives on an organization's membership and the organization's capacity to change. For example, Tagiuri and Litwin (1968) observed that climate serves as a relatively enduring quality of the organizational environment experienced by individuals that influences behavior and that members of the organization described in terms of values, based on the attributes of the environment. James, L.R., James, L.A., and Ashe (1990) understand climate as the way individuals perceive the personal impact of their work environment, and Verbeke and colleagues define organizational climate as "a concept that refers to how members perceive and come to describe their organization according to specific characteristics" (Verbeke, Volgering, and Hessels, 1998, p. 315).

Schwartz and Davis (1981, p. 33) offer a definition that indicates the capacity for climate change or management, reporting that "climate tends to be transitory, tactical, and manageable over a relatively short time frame." Finally, Ott (1989) and Barker (1994) provide our last definitions for consideration. They both identify organizational climate as related to the psychological environment in which the behavior of individuals occurs.

This does not represent an exhaustive list of definitions of organizational climate. This serves instead as a compilation of the most frequently cited definitions in the literature and represents the most reviewed qualitative, quantitative, and mixed methodological studies.

The study of these definitions, and the research that supports the multifaceted understanding of climate over the decades, yields the following amalgamated definition:

Organizational climate consists of the visible attributes of an organization's values as interpreted, in a shared manner, by multiple members of the organization. Distinct from, but related to, organizational culture, climate functions with significantly more malleability than culture. Change in organizational climate, may, over time, produce a change in organizational culture, and within a single organization, multiple (even contradictory) climates may exist. This definition will represent organizational climate for the remainder of this paper, unless otherwise specified.

History

The notion of organizational climate emerged from the field of psychology (where the study of individuals serves as the unit of analysis), and scholars in this area essentially sought to study and understand the way individuals describe and perceive the environment of their organization (Verbeke et al., 1998). Lewin, Lippit, and White's (1939) mixed methodological studies of experimentally-created *social climates* and Bandura's (1977) concept of *psychological climate*, which unfolded with the development of social learning theory, represent some of the first in the literature to formally identify and study the construct of organizational climate. Researchers' drive to delve further into this research served to satisfy their need to understand what environmental influences in an organization affected the motivation and behavior of its constituents (Reichers & Schneider, 1990).

Ultimately, the study of organizational climate split and evolved in two directions: research on climate and research on culture. Some scholars maintained the original pursuit of climate research while new interest in organizational culture rapidly took hold among other researchers. Following this split, a notable division occurred between

researchers about which of the two concepts composed the most relevant aspects of organizational life, and which served as more valuable, on a number of levels (academic, fiscal, personnel management, organizational change, and leadership, among others). This divisiveness in the literature still remains, as articulated by researchers such as Verbeke et al. (1998), who advocate keeping the concepts of climate and culture distinct and independent of each other. However, a growing number of researchers laud the benefits of understanding climate and culture as reciprocal and reinforcing concepts that may benefit from mutual study (Denison, 1990; Pettigrew, 1979, 1990; Schein, 1999, 2000, 2004; Schneider, 1985). To gain a better understanding of the distinctions and similarities between climate and culture, I will now review the most common definitions and the history of organizational culture.

Organizational Culture

The notion of culture has its roots primarily in the field of anthropology. Scholars studying indigenous peoples used largely qualitative methods to gain insight into tribal practices, mores, values, and specific artifacts of culture. The study of organizational culture emerged from the initial studies of organizational climate when the business field became interested in measuring and understanding the human side of organizations. In the 1980's, organizational culture became a popular research interest and yielded multiple best-selling books (e.g. *In search of Excellence* by Peters and Waterman, 1982). These early researchers often adopted the qualitative research methodologies, typically used by anthropologists, to gain insight into the culture of organizations. Organizational culture often serves as the reference for *unwritten rules* in organizations, rules that new members

must learn and obey (or risk being ostracized), and that fully acculturated members do not violate.

Definitions

Kroeber and Kluckhohn (1952) describe culture as a transmitted pattern of values, ideas, and other symbolic systems that shape behavior. Moving from a definition of general culture to the specifics of organizational culture, Schein (2004, p. 17) provides one of the most frequently cited definitions:

a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.

Verbeke et al. (1998, p. 313, emphasis in the original) describe culture as “a system of shared norms and behaviours that are *learned* by the members of the organization and shape their *way of doing*” while Schwartz and Davis (1981) define organizational culture as a pattern of beliefs and shared expectations common to the organization’s members. Finally, The Ethics Resource Center (2007, p. 9), which conducts the National Business Ethics Survey (NBES), defines *ethical culture* as the “informal and social system that sets norms for employee behavior and that tells employees how things really work in that organization.”

Cooke and Szumal (1993) contribute to our understanding of culture through their identification of commonality among the many definitions of culture. They note that all the definitions studied share a common theme “organized around the behavioral expectations and the normative beliefs of individuals in an organization” (p.1,301).

Schwartz and Davis (1981) provide theory on the level of investment members have in maintaining organizational culture. They note, “...culture is rooted in deeply held beliefs

and values in which individuals [the members of the organization] hold a substantial investment” (Schwartz & Davis, 1981, p. 33). Schwartz and Davis also hypothesized that this level of investment stems from the effort members of the organization put forth to make sense of their organization. This does not represent an exhaustive list of definitions of organizational culture. This serves instead as a compilation of the most frequently cited definitions in the literature and represents the most reviewed qualitative, quantitative, and mixed methodological studies.

Making sense of these multifaceted and overlapping definitions yields a consolidated definition which allows us to gain new insights into the phenomenon of organizational culture: A singular and pervasive set of values and beliefs shared by the members of an organization. New members of the group receive socialization to acculturate them into the highly homeostatic values and beliefs. Culture exists as distinct from, but related to climate, and while multiple climates may exist within an organization, solely one culture reigns. This definition will represent organizational culture for the remainder of this paper, unless otherwise noted.

To underscore the singularity and strength of culture, one can best conceptualize opposition to the values and beliefs of an organization’s culture as equivalent to swimming against the current of a river, while still heading at fast pace toward a waterfall. Typically, those who do not comply with the unwritten rules of the organization find themselves faced with the choice of leaving the organization or “going over the falls.”

Notably, theorists who identify multiple cultures occurring within a single organization comprise some of the literature. For example, Deal and Kennedy (1982)

identify four culture types in their work: macho, work hard play hard, bet your company, and process. Deal and Kennedy state that successful organizations have elements of each of these four cultures within their organization. Taken as stated, this would imply the presence of more than one culture in a single organization. However, upon closer examination of Deal and Kennedy's work, the culture types easily reclassify into sub-climates. Framing their work in this manner, Deal and Kennedy's theory lends strength to the theory that organizations may have multiple climates, but only one culture. This represents yet another area where scholars' debate, and a lack of clarity exists in the literature. However, the understanding of culture as enduring and solitary within an organization, and climate as more variable, with the ability for multiple climates to coexist, informs the understanding of climate and culture for the remainder of this paper.

History

An understanding of culture, and terminology to describe it, has thoroughly integrated into the lexicon of executive managers and academic scholars alike. Interest in the human element of organizations continues to grow and gain prominence as a critical factor in organizational performance. Thus, a better understanding of climate and culture will greatly benefit the field, and an urgent need exists for continued research in this area.

Differences, Similarities, and Relationships between Climate and Culture

Scholars describe organizational climate and culture throughout the literature as among the most powerful constructs researchers can use to understand the human (expressive and communicative) component of organizations. However, in spite of this stated power, limited agreement exists about how to best define, measure, and apply the knowledge of the field regarding these important concepts. In the next section I will

review the differences, similarities, and relationships between climate and culture to highlight the clarity that exists in the literature.

Differences between climate and culture

Multiple climates may exist in organizations, and researchers have studied these climates to identify clusters of persons sharing common perceptions within an organization (Joyce & Slocum, 1984; Rentsch, 1988). Climate research has also evolved into research with a particular referent (Schneider & Rentsch, 1988). Examples of this include the study of climate *for* service, *for* safety, or *for* the adoption of best practices. These types of studies examine climate and culture as the shared perceptions of an organization's environment (Ashforth, 1985). Pettigrew (2000) noted further differences between the study of climate and culture when he observed that culture has the privileged status in research of a generic form of analysis, while organizational climate has the subordinate status of a variable. Rousseau (1990) made a similar observation by noting that qualitative studies of culture tend to portray it in terms of uniformity and mutuality while quantitative studies tap into diversity and variability of subcultures. However, as noted earlier, one can reclassify subcultures as sub-climates, again signaling support in the literature for the belief that multiple climates may coexist in a single organization within one over-arching culture (Rousseau, 1990).

Importance of the historical difference in measuring climate and culture.

Researchers have historically measured climate through quantitative methods and culture via qualitative methods. However, a review of the literature indicates that qualitative, quantitative, and mixed-methodological studies of both organizational climate and culture exist (Brown & Trevino, 2006; Hofstede, Neuijen, Ohayv, & Sanders, 1990; Victor &

Cullen, 1988). The origins of each construct explain some of the historical difference in measurement. Specifically, culture evolved from anthropology, whereas climate flowed from psychology. Anthropology largely employs qualitative methods, while psychology tends to work through mostly experimental studies, employing quantitative and mixed methodologies.

The division of quantitative versus qualitative (climate versus culture) has tended to draw a proverbial line in the sand that researchers rally behind as a proponent of one or the other type of methodology, which makes the exploration of measurement related to this subject important. This methodological war between the researchers serves as exclusionary and harmful to the advancement of the field in two ways. First, it makes the potential for mixed-methodological studies more challenging, as researchers tend to orient to one approach over others. Second, it slows the union of knowledge about climate and culture from flourishing, as researchers resist working collaboratively. This prevents each body of knowledge from informing the other (Denison, 1996).

Measurement as a unifying force between climate and culture. As noted, measurement differences may have historically provided a means for distinguishing between climate and culture research. However, as theorists have worked to define the appropriate concepts to measure for all types of studies, they have also brought the concepts closer together. Consider the following: the measurement of climate has often focused on the importance of shared perceptions (meanings). Researchers have wrestled extensively with the operationalization of the *shared* aspect of perception. For example, Schneider and Hall (1972) suggested that mean responses to questionnaire items with low

variance indicate shared perceptions, while Joyce and Slocum (1984) identified climates based on shared perceptions using a clustering technique.

However, the inclusion of shared meaning and perception in the definitions of both climate and culture blends the historically distinct definitions articulated by researchers who supported keeping the constructs explicitly separate (those who advocated an either-or approach). Reichers and Schneider (1990) find the use of clustering and low variability measurement approaches to climate as conceptually very similar to concepts of organizational culture. Schein (2004) also noted this similarity by identifying that when one defines culture as something an organization *has*, one invites a review of culture via layers of shared meanings, assumptions, and underlying values. Schein's view again reduces the distinction between the concepts. Schneider and Hall (1972) agree that the approach of understanding culture as something an organization *has* represents an approach with some distinct similarities to the concept of climate. Finally, Schwartz and Davis (1981) raise the question that studies of climate may actually measure the fit between the prevailing culture and the individual values of the employees.

The above discussion clearly indicates that the field would benefit from additional research to provide both theoretical grounding and empirical data, as the complexity of these constructs remains difficult to explain and full of contradiction. The prevalent literature explains culture as something possessed by the organization (something it *has*), yet the possession of the knowledge (or perception) exists within the perceivers of it (James, Joyce, Slocum, 1988). These complex relationships clearly warrant additional attention and research.

The emic and etic perspectives applied to climate and culture. As a result of the historical methodological spilt between climate and culture research, most reviews of the climate and culture literature rightly point out that the classification of research as climate or culture has occurred based solely on the methodology used in the study. This has perpetuated the following logical fallacy: qualitative research equals a study of culture while quantitative research equals a climate study. Employing the anthropological terms *emic* and *etic* as coined by Pike (1954) provides a deeper understanding of this discussion about study classification. Pike's work describes the emic perspective as focusing on the intrinsic cultural distinctions meaningful to the members of a given society, while Pike describes the etic view as reliant upon the extrinsic concepts and categories that have meaning for scientific observers. Stated simply, emic comes from within (thus, difficult to measure quantitatively) while etic exists as the observable manifestation which lends itself more easily to quantitative analysis.

Applying the terms to the field of climate and culture, Climate best fits the etic perspective and culture best fits the emic view. The application of these terms to fields beyond anthropology does not represent a novel concept. However, the application remains uncommon. Barley (1983) notes that climate researchers have freely used quantitative methods that embrace the notion of etic knowledge containing information about climate, as it allows them to obtain measurable data that they may acceptably impose on the organization. Cultural researchers, embracing the emic position of cultural data collection, have tended to rely on qualitative methods, which have allowed the meaning to emerge from the data. Researchers find the use of the anthropological lens helpful, because it provides another means for understanding climate and culture.

An empirical study to identify ethical climate types. Victor and Cullen (1987, 1988) developed the ethical climate questionnaire (ECQ) to assess and test for nine proposed climate types they believed existed in organizations. They also hypothesized a normative expectation for each type (e.g., one climate type was labeled egoistic-individual with a normative expectation of self-interest). Ultimately, Victor and Cullen's work yielded support for five ethical climate types, which they named: caring; law and code; rules; instrumental; and independence. Victor and Cullen's research represents the first empirical attempt at slicing the construct of climate into bite-sized pieces digestible by scholars and other researchers, and put into practice by proactive organizational leaders. This study also initiated the process of linking climate types to ethics, a critical link for this dissertation. It suggests that researchers may access the dimension of organizational ethics by evaluating the climate, culture, or *social context* of organizations.

Mixed methods research and the dual assessment of climate and culture.

Schwartz and Davis (1981) noted the dual benefit, and enormous challenge, of undertaking research to simultaneously assess climate and culture. Three recent studies have made an attempt to accomplish this onerous task. Kirsh (2000) and Johnson and McIntye (1998) used both constructs in their research. However, although they did obtain measures of both climate and culture, not surprisingly, neither study fully assessed or described the confluence of the constructs. As noted by Brown and Trevino (2006), articles that address both constructs tend to only give nod to the distinctions, similarities, and relationships between climate and culture. Thus, the bar remains low for scholars in this arena, and they must conduct further empirical research to define this area of the field and to explore the complex relationship(s) between climate and culture. However, one

study by Trevino et al. (1998) did empirically measure both climate and culture, using survey methodology to assess both constructs. Trevino et al. (1998) used quantitative measures to evaluate the relationships between climate and culture, and their relative influence on ethical behavior in organizations. This study paved the way for future work in this area and made specific recommendations for additional research and practical application of their findings.

The distinction in methodological choice for studying both climate and culture has diminished in recent years. The less-pronounced distinction between studies further accounts for some of the increased confusion between definitions of climate and culture. This constitutes a paradox as in an attempt to further refine the terms, greater confusion prevails. However, out of the chaos clarity will emerge as scholars discuss, debate, and move the conversation forward. Kuhn (1996) emerged among the first to recognize the ferocity with which scientists and researchers hold on to what they identify as “known” or traditionally supported, even when confronted with overwhelming evidence to the contrary. Considering Kuhn’s ideas, scholars can recognize the current state of confusion as progress, because the prior clarity only remained by virtue of rigid definitions and boundaries. Growth and advancement of the field will occur as researchers add to the body of knowledge through multilevel research, unrestrained by historical confines. Ultimately, the field will gain a greater understanding of the social context and the ethical dimension of organizations.

Similarities between Climate and Culture

Clearly, substantial overlap exists between the concepts of climate and culture (Reichers & Schneider, 1990), and many researchers agree with Schein’s (2004)

understanding of climate as a manifestation of culture. Bruner (1964), in early work on the subject, observed that climate research and definitions focus on the organization's members' perceptions of the way things *are* in an organization. However, the introduction of perception blurs the line between climate and culture further, since perception connotes that members of an organization attach meaning to the perceived event or thing (Bruner 1964). Overall, little clarity or agreement exists in the literature on the distinction between culture and climate (Brown and Trevino, 2006; Payne, 2000) and Reichers and Schneider (1990), among others, note that climate and culture represent very similar concepts.

Conceptual parallels. Some of the disagreement in the academic literature surrounding the understanding of organizational climate and culture may result from the conceptual similarity of the constructs. To highlight this point, consider the following four parallels between climate and culture: purpose, means of acquisition, temporal attributes, and the multidimensionality of each concept. First, attending to the purpose of both climate and culture, both notions describe and understand the milieu that affects the attitudes, decisions, and behaviors of members of an organization (Reichers & Schneider, 1990). Second, multiple researchers have noted that knowledge of organizational climate and culture transfer to the members of an organization over time. Additionally, the majority of the literature attributes the acquisition of knowledge about an organization's climate and culture to socialization and symbolic interaction between members of the organization. Third, addressing the temporal component, most but not all, of the literature identifies climate as transitory, and thereby potentially changeable, while culture almost exclusively serves as an enduring feature. Finally, both climate and

culture are multidimensional constructs, as first identified by Reichers and Schneider (1990) see Table 1 below.

Table 1

Multidimensionality of Climate and Culture

Identified Dimensions	Author/Researcher	Construct
Goal emphasis	Kopelman, Brief, & Guzzo (1990)	Climate
Task support		
Means emphasis		
Reward emphasis		
Socioemotional support		
Responsibility	Litwig & Stringer (1968)	Climate
Reward		
Risk		
Warmth		
Support		
Standards		
Conflict		
Identity		
Centralization	Hellriegel & Slocum (1974)	Climate
Supportiveness		
Innovation		

Peer Relations		
Motivation to Achieve		
Physical Layout	Ashkanasy, Wilderon,	Climate
Interactions	& Peterson (2000)	
Authority	Hofstede, Neuijen, Ohayv,	Culture
Power Distance	& Sanders (1990)	
Collectivism		
Security		
Results Orientation		
Stability	O'Reilly, Chatman,	Culture
Respect for People	& Caldwell (1991)	
Innovation		
Teamwork		
Outcome Orientation		
Conventional Culture	Cook & Rousseau (1988)	Culture
Humanistic Culture		
Avoidance Culture		
Affiliative Culture		
Achievement Culture		

Significant overlap. The significant overlap between climate and culture emerges clearly upon review of Table 1 identifying the two constructs highlighted in the literature. Multidimensionality serves to create the metaphorical grey area, where the distinction between climate and culture becomes unclear. This complexity speaks to the richness of each concept, but it also makes the definition and measurement of climate and culture intricate and challenging. This provides additional grist for the mill of academic debate.

Relationships between Climate and Culture

The historical roots of both climate and culture add confusion to the study of each construct and their relationship. Although researchers have studied climate longer than they have studied culture, the anthropological and sociological origins of culture are older than the study of climate (Pettigrew, 1990). This fact raises the age-old question of which came first: the study of climate or culture? The answer remains difficult to determine. Fortunately, a recent emergence of scholarly literature exists studying the complex relationship between organizational climate and culture.

Rousseau (1990) described culture as a multifaceted construct in which shared behavioral expectations and norms represent an outermost layer perceptible to the members of an organization, while values and assumptions represent an innermost and less conscious layer. This definition reframed can interpret the outermost layer as climate, and the innermost layer as culture, thus demonstrating climate as embedded in culture.

Additional support for the notion of embeddedness and relationships between climate and culture comes from Schwartz & Davis (1981), who describe climate as transitory, tactical, and manageable over a relatively short-time frame, while they label

culture as expressed over time and strategic in nature. Schwartz and Davis further state that “culture is very difficult to change while climate can be altered or managed” (p. 36) and they note that the beliefs and values are manifestations of the culture (a.k.a., climate) not the culture itself. The seemingly symbiotic relationship captured by these definitions identifies climate as the visible manifestation of an organization’s culture. Borrowing terms and a metaphor from biology, culture represents the genotype while climate constitutes the phenotypic expression.

Ashforth made a link between climate and culture that further supports the notion of embeddedness by observing, “it is not a large conceptual step from shared assumptions (culture) to shared perceptions (climate)” (1985, p. 841). Schein (2004) also makes a case for this line of thought, by identifying organizational rituals, norms, and values (expressed as climate), as a manifestation of the deeper structure of culture. Specifically, while the constructs of climate and culture remain distinct, Ashforth and Schein claim that it is helpful to understand the concepts as related, with the construct of culture encompassing the construct of climate.

Additionally, returning to the work of Pike (1954), his view of using etic knowledge as a way of getting at, or understanding, emic knowledge further supports the theory that climate represents a function of culture. Moran, Volkwein, and Fredericks (1992) also suggest that climate operates at the levels of attitudes and actual behaviors, while culture operates on basic assumptions and values. Therefore, Moran et al. define organizational climate as agreed-upon behavior patterns by organizational members, based on perceptions of norms and attitudes within the organization (1986). Finally, researchers also note that although a distinction exists between organizational climate and

culture, climate resides within the organizational culture (Denison, 1996; Victor & Cullen, 1987, 1988).

Formal work on a hybrid approach also exists in the literature. The hybrid approach views climate and culture as reciprocal and reinforcing concepts. Pioneers in documenting the similarities and relationship, between the bodies of knowledge on the constructs of climate and culture include Denison (1990, 1996), McMurray (2003), Pettigrew (2000), Schein (2000) and Schneider (1985, 2000). Each of these scholars presents a particularly eloquent and effective case, providing support for considering the constructs of culture and climate both complementary and compatible. Pettigrew (2000) notes a similarity between the literature on climate and culture by stating, “both areas of scholarship attempt to create a conceptual language that deciphers the pattern of human conduct and incorporates divergent or convergent attitudes, perceptions, values, and behavior.”

Additional support for the interconnectedness of organizational culture and climate exists within the interchangeable classification of studies as one or the other within the literature. Denison (1996) highlights an example of this using two studies conducted on organizational risk-taking. Denison notes, Litwin and Stringer conducted a study of organizational risk-taking in 1968 which they labeled as a study of organizational climate. Whereas, a similar study completed on organizational risk-taking in 1991 by Chatman describes organizational culture. Does this represent a purely temporal difference? In other words, might the two studies be similarly classified if researched during the same decade? Not likely. By referring to the sections on organizational culture and climate above, one can easily see how a scholar from either

camp could frame “risk-taking” as climate or culture. This flexibility, or ambiguity, in classification, supports the argument for crossover between the constructs. Denison (1990 & 1996) and Schneider (2000) both recognize that the primary distinction between the two constructs results from theorist and research interests (e.g. preference for a particular methodology and the paradigm of their education/training). One could almost venture to say that one’s culture informs one’s perspective on this debate, since one’s culture shapes their knowledge and understanding.

Schwartz and Davis (1981) also support the hybrid theory, as they observe that the beliefs and values of culture create situational norms visible in observable behavior, and are called climate by other researchers. This behavior then becomes the basis for the foundation of beliefs and values, out of which norms flow (Schwartz & Davis). This further supports the notion of a dynamic, mutually reinforcing, and reciprocal relationship between climate and culture that forms the social context of the organization.

A summary of the work on the relationship between climate and culture indicates that the concepts contain significant areas of interface and overlap. As such, scholars can best view them as reciprocal and reinforcing processes, the one influencing the other in an endless cycle over time. In this manner, climate represents both the manifestation of culture and the data from which one understands and infers culture. Stated more explicitly, the policies and procedures that represent the hallmarks of climate (and their enforcement or lack of) become a part of the organization’s history (an anchor of culture), such that over time the element of climate informs and changes the element of culture.

Climate and Culture as Social Context

Scholars have simultaneously moved the study of organizational climate and culture in two directions; the first towards a more integrated approach and the second towards a specialized focus. As discussed above, one aspect of this research involves linking climate and culture through theory, and describing how they maintain a pseudo-symbiotic and integrated relationship, while other areas of focus grow more specialized by examining climate subtypes, or cultural change interventions. In the unity spirit of the former, this research study will assess organizational climate and culture, under the unified construct of social context, as it relates to ethics. Social context, when referenced in the remainder of this paper, represents an inclusion of both climate and culture as described in this literature review. Support for merging the terms, while maintaining the distinct but permeable boundaries of the two constructs, comes through inference in the work of Denison (1990, 1996) McMurray (2003), Pettigrew (1990, 2000), Schein (2000 & 2004), and Schneider (1985, 2000).

Ethical Elements of Social Context

Narrowing the focus further, this dissertation study explores the ethical element of social context in nonprofit organizations. The ethical dimension represents one of multiple subtypes of social context found to exist in organizations (Victor and Cullen, 1988). Support for a unified construct of social context, as appropriate to assess ethics, comes from multiple sources. Trevino et al., (1998) identified climate and culture as containing the characteristics of the organization that do or do not support ethics-related attitudes and behaviors. Additionally, Feldman (2002) in his book, *Memory as a Moral Decision: The Role of Ethics in Organizational Culture*, provides a theoretical link

between the concepts of ethics and social context. The Ethics Resource Center (2005) makes a practical application of the linkage between social context and ethics in their ongoing assessment of organizational ethics through the National Business Ethics Survey. Further, Brown and Trevino (2006), Loe, Ferrell, & Mansfield (2000), and Cullen, Victor, and Stephens (1989), in their respective works on assessing ethics at the organizational level, add to the body of knowledge supporting this pursuit. Finally, Vidaver-Cohen (1998) has proposed an integrated construct called *moral climate*, which unites climate and culture in an amalgamated form that focuses on the ethical aspects of organizational behavior. In summary, the descriptions of social context found in the literature, range from theoretical links to the generation of new constructs that unify climate and culture. Together, the literature makes a strong case for the ability to assess and understand organizational social context related to ethics.

The Power of Social Context on Organizational Behavior

Pearson, Clair, Koovor-Misra, & Mitroff (1997) provide an example of social context impacting corporate ethical actions with a negative fiscal impact (generally contrary to business practice and culture), as they consider the actions taken by Johnson and Johnson during the Tylenol poisoning of the 1980's. In this case, unsuspecting customers died after consuming Tylenol products laced with cyanide. Johnson and Johnson recalled all the Tylenol packages from the market, at great financial cost, to learn the tampering only affected a limited number of packages in a small region of the country. Pearson et al., (1997) found that Johnson and Johnson's traditional values concerning the company's priorities, employees, and other stakeholders guided their decision to pull the products from the shelves. In other words, Johnson and Johnson's

ethical response resulted from its culture. Johnson and Johnson commenced with a recall, because their culture dictated an ethical response, over a business response. Other companies have faced similar challenges with the opposite reaction when a cost benefit analysis, of human lives saved vs. fiscal savings, found the business decision indicated sacrificing a certain number of lives over conducting a recall (Nader, 1965).

Support exists in the literature for a broad range of themes about the relationship between the constructs of climate and culture. Minimally, the literature described the concepts as related and at most the literature supports the concepts constituting an integrated construct encompassing the distinctions of both notions. As noted above, this dissertation adopts the integrated approach to examine the ethical dimension of social context in nonprofit organizations. As demonstrated by the Johnson and Johnson example, organizational social context represents a powerful force. Thus, as a leader knowing the primary elements of your organization's social context may prove invaluable. Additionally, significant support in the literature exists for ethics as one of multiple dimensions of social context. This support endorses the study proposed by this researcher, to assess the social context of organizations to secure insight into the ethical fitness of organizations.

Assessing Social Context for the Ethical Dimension

A Critical Need for Research

Reviewing the literature for previous work on social context and ethics, we find the study of ethical behavior in organizations dates back to Baumhart's (1961) research on the attitudes of executives about business ethics. The increasing number of articles published each decade from 1960-1990 indicates a growing interest in the subject of organizational ethics (Randall & Gibson, 1990). However, the immaturity of this field is also well demonstrated. In spite of the growing volume of literature in this area, consensus about the definition of ethical behavior remains at large (Randall & Gibson, 1990). For example, a study by Lewis (1985) reviewed 245 texts to uncover 308 different definitions of "business ethics." The immaturity of this field regresses further when reviewing the literature for empirical studies on organizational ethics conducted with nonprofit organizations. In this realm, a paltry number of studies exist.

Weakness in the Literature

The business literature could provide a cautious place for work in the nonprofit arena to commence, given the limited availability of work studying the nonprofit sector. However, two factors lead to hesitation. First, a growing body of literature identifies the limitations of applying best business practices, to nonprofits, and expecting to achieve similar results (Lohmann, 2007; Mulligan, 2007). In fact, some indication exists that well intended business practices used in a nonprofit, may not only be ineffective, but may cause real harm to the organization and its ability to achieve its mission (Lohmann, 2007). Second, the academic business literature of the 1960's-1990's includes studies with significant methodological weaknesses (Randall & Gibson, 1990). An astounding

78% (73) of the studies reviewed by Randall and Gibson (1990) conducted no pretest of their research instruments with a relevant population, and only three researchers received a positive nod for conducting statistical reliability or validity measures. Additionally, 53% (50) of the studies utilized new (previously untested) assessment tools without any reported pre-testing. This raises serious questions about the reliability, validity, and the generalizability of these numerous studies to the business sector, let alone, to the nonprofit sector.

As noted, strikingly few empirical studies of organizational ethics in the nonprofit sector exist. A review of the literature revealed only three studies. The first, conducted by Walker and Haslett (2002), represents an action research piece completed on ethical dilemmas in management. Second, Nielsen and Dufresne (2005) used case study methodology to examine organizational crisis response related to ethics (this study largely focused on business). Finally, Grobman (2007) completed a quantitative analysis studying the use and presence of ethics codes in organizations. Clearly, the assessment of nonprofit ethics at the organizational level represents an under-developed research area, widely available for further exploration.

Interface of Individual Ethics and Social Context

We have already established the strength of social context, and the link between social context and ethics. However, we have not discussed the role of individual ethics within the milieu of the organization. To begin, one must gain an appreciation that each member of an organization holds personal ethical beliefs. Bowman (1976) defined ethical beliefs as judgments about what represents right or wrong, and whether or not those judgments present as bad or good. These beliefs shape the actions or behaviors by

the individuals, on behalf of the organizations to which they belong. Actions and behaviors by individuals make up *ethical behavior*, which Runes defined in 1964 as the “just” or “right” standards of behavior between participants in a given setting (as cited in Randall and Gibson, 1990).

However, although personal beliefs play a role in decision making and behavior, the strength of the organizational context significantly affects the ethical behaviors of individuals (Brown & Trevino, 2006; Milgram, 1963, 1974; Hemmelgarn, Glissen, and James, 2006; Seligson & Choi, 2006; Trevino et al., 1998; Zimbardo, 2007). The power of situational factors can cause individuals to act in a manner inconsistent with their personal beliefs, and in contradiction to known best practices (Hemmelgarn et al., 2006). Research on the strength of the situation, or social context, provides some answers and theory, to support the concept of relative morality; the thought that individuals will have inconsistent or incongruous ethical responses within different contexts. Given the potential for this ethical fluidity, the leadership of organizations have a critical need to know where on the spectrum of ethical support their organization’s social context falls. One cannot simply employ ethical employees and expect to have an ethical organization. An organization must maintain an ethical context that both supports and reinforces ethical behavior, while also upholding accountability to ethical standards at all levels of the organization. For these complex reasons, access to a valid and reliable means for taking an organization’s ethical temperature serves as invaluable to providing a wealth of valuable data for leaders to maintain ethically healthy organizations.

Survey Methodology & Member Report to Assess Organizational Ethical Context

Survey methodology emerges as the best choice for assessing organizational ethical context for several reasons: (a) with careful design it allows for all members of the organization (from board member to line staff) to participate in the survey using the same instrument. This creates the opportunity for intra-organizational analysis through direct comparison of responses (Hinkle, Weirisma, & Jurs, 2003), (b) survey instruments represent a useful methodology for assessing the social context of organizations (Rousseau, 1990; Victor & Cullen, 1988), (c) given the sensitive nature of discussing ethics, survey methodology achieves a level of anonymity or confidentiality (depending on the administration of the survey) that qualitative methods, such as focus groups, do not provide, (d) electronic delivery of survey methodology allows for respondents to complete the survey at their convenience, (e) in the sensitive arena of privacy, an electronic format allows for easy separation of respondent's answers to the survey from their login information. The electronic distribution of surveys facilitates greater protection of sensitive information and confidentiality, than non-electronic methods and facilitates easy reminders to participants.

Organizational member self-reporting on surveys can introduce a bias, either positive or negative. Positive bias occurs when individuals hesitate to report negative information about themselves or their organization. Negative bias most often comes from members about to leave the organization, angry members, or disgruntled members (Trevino et al., 1998; Victor & Cullen, 1987 & 1988). The Nonprofit Ethics Survey addresses these concerns in two ways. First, participants respond to questions about unethical action or lack of accountability regarding their perceptions of other staff, not

directly about their personal behavior. Thus, making it potentially easier to report about someone other than themselves. Second, when utilizing the survey with a single organization efforts to secure a high response rate will reduce the impact of a potentially disgruntled, or half way out the door, employee (Hinkle et al., 2003).

Member self-reporting serves as a means of assessing the organization through the shared perceptions of its affiliates. Support for using member self-report for the purpose of assessing climate and culture exists in the literature. Specifically, two highly regarded studies in the field Victor and Cullen (1988), and Trevino et al. (1998) establish the reliability of measuring organizational ethical context via member report through surveys.

Constructs to Measure Organizational Context Related to Ethics in Nonprofits

Information in the proceeding section established the value of assessing the ethical context of organizations, and that member report of perceptions via survey methodology serves as an effective medium. From this a natural question rises. What constructs best measure organizational ethical context in nonprofit organizations? Returning to information discussed in chapter one, gains in the nonprofit sector towards increased self-governance, and accountability through the use of best practice checklists, ethical guidelines, and voluntary certification programs provides a logical starting point. I conducted a review of these tools and of the business and nonprofit literature to commence with creating an instrument for assessing the ethical element of the social context of nonprofit organizations. As a result, the following seven constructs emerged: Mission; Organizational Transparency; Open Communication, Decision Making;

Advocacy, Educational Opportunities & Training; Governance; and Daily-Ethics Behaviors.

Support exists in the nonprofit practitioner or mainstream-literature for these seven constructs. Additionally, the most commonly used compliance checklists have representation of these seven constructs (BoardSource, 2007); Panel on the Nonprofit Sector, (2007); Standards for Excellence, 2007). To review the thirty-three ethical guidelines proposed for nonprofit organizations by the Panel on the Nonprofit Sector please see Appendix A. A group of nonprofit community members in Southern California during a six session breakfast series on nonprofit ethics (additional information provided in chapter three) also identified the first six constructs. A comprehensive literature review conducted during the development of the Nonprofit Ethics Survey identified a seventh final construct. Descriptions for each construct and empirical support for their inclusion in the Nonprofit Ethics Survey follows.

Mission

Pursuit of the organization's mission composes one of the essential tasks of nonprofits (Lohmann, 2007). Activity in areas that do not directly support the mission represent a potential a long-term threat to the organization (as it pulls needed resources away from the primary stated purpose of the organization), and leads to a condition identified as *mission drift* (Getu, 2007). Herein, resides the link between mission and ethics. As stewards of public monies and trust, philanthropic organizations who experience mission drift at best represent a mild form of unethical behavior, and at worst function as a complete ethical disaster. Organizations with a greater likelihood for success on multiple levels, including innovation and accomplishment, posses a clearly

stated mission with key elements carried in the consciousness of every member in the organization (McDonald, 2007). McDonald also makes an explicit link between a clear mission and its contribution to creating a climate in which both novel and ethical ideas have a better chance for success.

Organizational Transparency

Organizational transparency represents a well defined and studied concept in the academic literature and researchers and scholars have found that transparency promotes good governance in organizations (Hodess, Inowlocki, Rodriguez, & Wolfe, 2004; Rodriguez & Ehrichs, 2007). Transparency can provide armor against the constant threat of corruption, unethical activities, and scandal (Pasquier & Villeneuve, 2007).

Transparency, which calls for allowing access to information about internal processes, policies, and decision making to parties outside the agency, provides protection from the aforementioned woes (Florini, 1998). Transparency constitutes an unassailable right to know (Fung, Graham, & Weil 2007). That said, transparency does not equal full or thoughtless disclosure. Appreciating organizational transparency as a positive characteristic of organizations requires recognizing it as movement from complete containment of information by an organization (the historical business norm) to discretionary release of information in the spirit of openness.

Open Communication

Open communication relates to organizational ethics when organizations have an environment that either promotes or inhibits inquiry and learning. Scholars support a belief that periodic review of the agency's activities and especially mistakes provides an opportunity for increased knowledge (Bernd, 2006). Without a social milieu supportive

of dialog, discussion, and debate organizations run the risk of falling into an emperor without any clothes scenario. In this type of organization, as in the parable, no one speaks the painfully obvious truth. However, in the nonprofit sector (and business world) ethical lapses may secure front page coverage on the local newspaper. Thus, creating a safe and open atmosphere for discussion can facilitate the discovery and correction of ethical issues, before they make headlines.

Decision Making

Decision making exists as a broad organizational concept in the academic literature whose scope narrows for the Nonprofit Ethics Survey to interest about whether stakeholder input has been gained at key intervals (e.g. before starting a new program and at stated intervals thereafter), and whether organizations use evidence upon which to base their program and agency decisions. Support for the use of data-driven decision-making methods exists in the nonprofit literature including in the 2007 Principles for Nonprofit Governance by the Panel on the Nonprofit Sector (2007) and BoardSource (2007) materials published on best practices.

Advocacy, Educational Opportunities, and Training

Support for assessing advocacy, educational opportunities, and training in the Nonprofit Ethics Survey, comes from the best practice publications and checklists in the nonprofit sector. Specifically, BoardSource (2007), Standards for Excellence (2007), and the Principles for Nonprofit Governance (2007) by the Panel on the Nonprofit Sector highlight the importance of these three arenas related to nonprofit ethics. I garnered additional support for the inclusion of this construct in the Nonprofit Ethics Survey meetings through meetings with members of the nonprofit community in Southern

California (additional information in chapter three). Additionally, Trevino et al. (1998) identify the use of established best practices in organizations as positively correlated with a more ethical organizational context.

Governance

Governance comprises one of the most widely studied concepts in the nonprofit and business literature. Effective best practices for governance shape the ethical context of organizations. Specifically, ethical *tone at the top* promotes ethical behavior throughout the organization (Ethics Resource Center, 2005, 2008; Seligson & Choi, 2006).

Consistent accountability to universal standards throughout the organization serves as critical to developing an ethically healthy organization (Ethics Resource Center, 2005; Seligson & Choi, 2006). Adherence to established best practices for governance also promotes an ethical organizational context and represents some essential practices of effective governance (BoardSource, 2007).

Daily-Ethics Behaviors

Daily-ethics behaviors encompass the traits and level of communication, accountability, and consideration of ethics in daily activities present in the organization (Seligson & Choi, 2006). Daily-ethics behaviors, assessed by the Nonprofit Ethics Survey, evaluate specific daily activities related to ethics, and measure the accountability standards at all levels of the organization. The 360 degree component of the assessment represents a critical component to the effectiveness of the Nonprofit Ethics Survey for any given organization. All members at all levels must participate in the ethical assessment, to obtain an accurate representation of the organization's social context and ethical health.

Historical Assessment of the Constructs

Traditionally, responding to checklists of guidelines, legal compliance directives, or lists of established best practices has served as the primary means for assessing the first six constructs. This form of assessment does not fully capture the role ethical context plays in the day-to-day application of these constructs; constructs which manifest as ethical or unethical organizational behavior. Specifically, checking off the presence of a written ethics policy for an organization says nothing about the application of the policy (e.g. do the organization's members know about the policy and its contents? In practice do members subject to violating the policy receive universal or fair treatment, and does the policy get reviewed and updated as needed?). The checklist approach of assessing organizations gives a limited one-dimensional assessment when organizations need a multidimensional picture. Additionally, as noted previously due to the strength of social context if a policy or even a legally mandated requirement exists in conflict with the organization's social context, the strength of the culture will prevail, and ultimately impact application of the policy. The Ethics Resource Center has conducted prior survey assessment of a construct similar to daily-ethics behaviors through the National Business Ethics Survey (2005).

The Integration of the Constructs into a Single Tool

Unifying the seven constructs in a cohesive, practitioner-friendly, online, statistically valid and reliable survey tool will provide great potential benefit to the field. Access to such an instrument affords nonprofit organizations the opportunity to engage in meaningful self-assessment. It will also allow nonprofit organizations to discuss ethics and the social context of their organizations from an informed place. Decisions

supported by reliable data about the organization's current status, like the Nonprofit Ethics Survey will provide, represent more effective decisions likely to promote an ethically healthy context within the organization.

Summary of the Literature & Conclusions

In this chapter a review of the complex history and overlapping multidimensional nature of organizational climate and culture concludes that effective assessment of climate and culture may occur through one unified concept called social context. Additionally, I have established support identifying ethics as one component of social context, discussed the power of a situation on the actors within its constraints, and articulated the critical need of the philanthropic sector for a multidimensional assessment tool. Further, I have provided in this chapter descriptions of seven key constructs to assess ethics at the organizational level in nonprofit organizations and noted the relevant literature that establishes support for their use in the Nonprofit Ethics Survey. As a researcher I am aware of no prior empirical studies or tools designed to assess nonprofit ethics in this manner.

CHAPTER THREE

Research Design and Methodology

This chapter provides a methodological overview for developing and statistically testing the Nonprofit Ethics Survey. I provide information about the selection and recruitment of participants, the methods for determining the statistical validity and reliability of the instrument, and the procedural elements for the two phases of testing. The tasks in this chapter outline the methodology I used to obtain the needed data to answer the research question for this study.

Development of the Survey Instrument

Developing the means to answer the research question of this study first required the identification of constructs relevant to assessing organizational level ethics in nonprofit organizations. For this study I identified constructs via two methods: guided discussions of ethics with the San Diego nonprofit community, and a comprehensive literature review.

The first opportunity to gather information to identify the relevant constructs for assessing ethics at the organizational level in nonprofit organizations occurred during a series of ethics discussions offered to members of the nonprofit community in San Diego, California. Participants in this series included nonprofit board members, line staff, executive directors, donors, volunteers, students in a nonprofit leadership and management program, and others interested in philanthropy.

The ethics series sessions occurred once a month on Thursday mornings from 7:00-9:00 to accommodate traditional work schedules. The series was funded by the Institute for Nonprofit education and Research and took place November 2005 through

June 2006. Participants received a complimentary breakfast, and during the six-session series 168 individuals attended sessions. Each session ranged in size from 20-60 participants. The format for each session included a topic for the day with a few key questions to promote discussion among participants. The room set-up grouped people by table, and a moderator facilitated small-group discussions of the topic and an out-briefing of the key themes to the large-group. Appendix B provides a list of topics for each breakfast meeting.

Each small-group selected a note-recorder and a representative speaker for reporting to the large-group. During the large-group discussion, the moderator offered each small-group the opportunity to report the highlights of their discussion. The discussion during the large-group activity often identified and expanded on the common themes that emerged from each of the small groups.

I collected all notes completed by each small-group note-recorder at the end of the session, in addition to taking notes during the large-group session. During the small-group discussions, the moderator, this researcher, and another doctoral student moved between the groups listening to conversations and gathering any relevant data for sharing with the large-group. Additionally, for the purpose of ensuring accuracy, I audio recorded all sessions.

Another doctoral student and I conducted a thematic analysis of the notes and recordings obtained during the small-group meetings and large-group discussions. My colleague and I coded all notes and comments from the sessions into domains, which became the various constructs identified as relevant to assessing nonprofit ethics identified by this group of nonprofit community members. Following the completion of

coding, six themes or constructs emerged. The six constructs represented issues about: Mission; Organizational Transparency; Open Communication; Decision Making; Advocacy, Educational Opportunities and Training; and Governance.

I conducted an initial member-check of the constructs gleaned through the domain analysis by sending an electronic document reporting the findings of the qualitative process to all 168 participants, and by offering a follow-up ethics breakfast session to obtain their feedback. This checking process determined that the content captured by the qualitative analysis accurately reflected the statements and beliefs expressed by the group during the series. I conducted a second method of checking the constructs with the larger nonprofit academic community via the completion of an extensive literature review.

A comprehensive literature review including work in the fields of business, philanthropy, sociology, anthropology, public service, ethics, psychology, and leadership supported the six constructs identified through the qualitative process, and it identified a seventh. The seventh construct encompassed issues of daily-ethics behaviors and accountability by the affiliates of the organization. Using these seven constructs I crafted questions to develop an initial draft of the Nonprofit Ethics Survey. Chapter two provides extensive details about each of the seven constructs, and I describe the measurement focus of each construct below in Table 2.

Table 2

Measurement Focus for the Seven Constructs of the Nonprofit Ethics Survey

Construct	Measurement Focus
Mission	Adherence to mission & the avoidance of mission drift (Getu, 2007).
Organizational Transparency	Access to information about internal processes, policies, and decision making to parties outside the agency (Florini, 1998).
Open Communication	Sharing knowledge within an organization in a manner that facilitates dialogue (Bernd, 2006).
Decision Making	Making decisions based on empirical data and stakeholder input (Panel on the Nonprofit Sector, 2007; BoardSource, 2007).
Advocacy, Educational Opportunities and Training	Use of best practices, and access to ongoing training and educational pursuits for members of the organization (BoardSource, 2007; Panel on the Nonprofit Sector, 2007; Standards for Excellence, 2007; Trevino et al., 1998).

Governance	Use of known best practices for governance and the importance of having ethical boards and senior staff to set the <i>tone</i> of the organization (BoardSource, 2007; Ethics Resource Center, 2007; Seligson & Choi, 2005).
Daily-Ethics Behaviors	The traits and level of communication, accountability, and the consideration of ethics in daily activities (Seligson & Choi, 2005).

Brief Description of the Survey Instrument

The survey instrument employs mostly five-point, Likert-style, questions rated from “strongly agree” to “strongly disagree.” A neutral point of “neither agree nor disagree” in addition to options to select “don’t know” and “decline to answer” also compose the survey. The five points from “strongly agree” to “strongly disagree” have corresponding numerical values assigned of five, four, three, two, and one. The two additional response options of “don’t know” and “decline to answer” each receive a numerical weight of zero.

In addition to 95 Likert-style questions, the survey employs two demographic questions, three dichotomous variables to facilitate the skip logic, and three overall rating questions. The demographic questions inquire regarding the participant’s position within the organization and length of time with the organization. One of the dichotomous variables inquires whether a participant serves as a voting member of the board of

directors. This question comes after participants have completed the first seventy-six questions of the survey as these questions encompass all topics assessed by the survey, except twenty-five questions about governance issues. The twenty-five questions about organizational governance are only asked of individuals who identify themselves as a voting member of the board of directors. Thus, the survey ends after seventy-six questions if a participant is not a voting member of the board, and the survey ends after one hundred and three questions if the participant is a voting board member. The online delivery of the survey guides participants to the correct number of questions based on their response to the question about position as a voting board member for the organization. This technique, called skip logic, eliminates undue burden on respondents by navigating them past questions that do not apply to their position or organization. The survey also employs skip logic in two additional places to inquire (1) if organizations have standards for ethical behavior and (2) if organizations have a conflict of interest policy. If participants respond no to either of these dichotomous variables they are navigated past the question or questions regarding these standards and policies.

I crafted the questions for the Nonprofit Ethics Survey based on the results of the qualitative analysis from the breakfast series on nonprofit ethics and from information obtained through the literature review process. Once I completed the initial survey draft, my colleagues at the Institute for Nonprofit Education and Research, members of a doctoral class on survey methods, and my dissertation advisor reviewed the questions. I completed all needed revisions to the questions based on this feedback and prepared the beta version of the Nonprofit Ethics Survey for online testing. Appendix C provides a list of the questions from the beta version of the Nonprofit Ethics Survey.

Statistical Testing of the Survey Instrument

The beta version of the Nonprofit Ethics Survey prepared for testing has significant variation in the number of questions per construct. One of the expected outcomes from the statistical analysis includes decreasing the total number of questions by identifying the best questions for measuring each construct. By identifying the best questions, I can construct the strongest scales, from a reliability perspective, to measure each construct, with a goal of achieving an approximately equal number of questions per scale. Having an equal, or approximately equal, number of questions per scale provides a uniformity of precision across scales in the instrument. Achieving an increased level of precision will serve to make a statistically sound survey that provides a reliable and parsimonious measure of each construct (Hinkle et al., 2003). Table 3 provides information about the number of questions per construct in the beta version of the survey, and it highlights the current variation in precision across the survey scales.

Table 3

Number of Questions to Measure Each Construct in the Nonprofit Ethics Survey

Construct	Number of Questions
Mission	10
Organizational Transparency	13
Open Communication	9
Decision Making	10
Advocacy, Education, & Training	10
Governance	24
Daily-Ethics Behaviors	19
Demographic, Overall Rating, & Dichotomous Questions	8
Total	103

Participants

The participants for this study included individuals affiliated with a nonprofit organization. For the purpose of this study, affiliated meant the participant maintained current employment with a nonprofit organization for at least twenty hours per week, or participates in a formalized relationship with a nonprofit organization (e.g., a nonprofit board member). Regarding the inclusion of marginalized or special populations in the testing of the Nonprofit Ethics Survey, no survey questions requested demographic information from participants that could identify anyone as a member of a marginalized or special population. Thus, I assume some participants in the study represented

members of special or marginalized populations. However, affiliation with a nonprofit organization constituted the only characteristic relevant to this study.

Participant recruitment for this study occurred in two phases. First I recruited individuals affiliated with a wide array of nonprofit organizations. Second I recruited multiple members affiliated with the same nonprofit organization. Screening to ensure potential participants met the affiliation requirement for the study occurred via two methods. In the first phase of recruitment, potential participants read a statement inclusive of the needed characteristics to participate in the study (affiliation with a nonprofit organization) and indicated their appropriateness by completing the informed consent to participate. In the second phase of recruitment, the leadership of the organizations participating in the study determined which affiliates of their organization represented appropriate subjects for the study based on the information I provided.

Individuals recruited in the first phase of the study did not receive any incentive for their participation except the knowledge that they provided information to promote an increased understanding of nonprofit organizations. Some participants recruited through the second phase of the study received compensation from their employer (paid work time to complete the survey). The organizations that volunteered their affiliates for participation in the study received a report of their organization's survey results in exchange for their participation.

Regarding the confidentiality and anonymity of participant information, the management of information differed based on if participation occurred during the first or second phase of recruitment. As a reminder, the first phase invited individuals affiliated with a wide array of nonprofit organizations to participate in the survey and the second

phase invited multiple individuals affiliated with a single nonprofit organization to participate. Thus, individuals recruited through the first phase had their data treated anonymously. Three protections represented the means of providing anonymity to these participants: (a) I did not request any identifying information, (b) the survey software did not record the unique ISP address of respondents, and (c) participants that responded to the survey invitation did so via a web-link unassociated with their e-mail address.

Individuals participating through the second phase of recruitment had their responses maintained in confidence from the leadership of their organization. However, I could not provide anonymity as participants received the invitation to complete the survey as a result of their affiliation with a specific organization. Thus, I grouped the responses to the survey from all participants affiliated with a particular organization with other respondents from the same organization.

The recruitment of subjects for both phases of recruitment occurred via e-mail invitations. For the first phase of recruitment, potential participants received the invitation as a member of an electronic distribution list. The University of San Diego Institute for Nonprofit Education and Research maintains the distribution lists I used and these lists included information about program alumni members and current students. I also sent recruitment e-mails to peers and colleagues involved in the third sector, with encouragement for them to forward the e-mail to others in the field who were interested in supporting the development of this tool. I estimate the recruitment efforts for this phase reached approximately 300 individuals employed by or formally associated with a nonprofit organization(s). The first phase of recruitment, and access to the electronic

survey for this phase, occurred over a period of three months. Of note, the recruitment would have ended early if a target of 300 respondents had been reached.

The identification of organizations to participate in the second phase of testing for the Nonprofit Ethics Survey occurred through a network of organizations on a database, also maintained by the Institute for Nonprofit Education and Research. For the second phase of recruitment, I sought a broad spectrum of potential organizations to participate based on characteristics of employee number, budget size, stability, infrastructure, and willingness to participate within the time frame of the study.

In the area of employee size I sought organizations with a minimum of five employees in each positional category (board member, senior staff, and line staff). Of note, some larger organizations also had a middle management category, and some small organizations were considered for participation if they met a minimum criterion of five board members and five staff members. The use of this parameter served to ensure the confidentiality of respondents. Organizations with less than five participants per positional category presented a risk that even when reporting survey results in aggregate, individual responses may have been readily identified.

In the area of budget size, I sought a diversity of size although I assumed very small budget organizations would not be included as they would not likely meet the employee size requirements. Stated another way, I anticipated budget size would positively correlate with organizational size, based on the number of individuals in each position. Additionally, for this study I sought stable organizations. I defined stability in an organization as having fifty percent or more of its employees and board members employed or engaged with the organization for a minimum of six months. I believe the

transitional nature represented by an organization not meeting the defined stability requirement could have impacted the testing of the Nonprofit Ethics Survey in two ways: (a) the employees and board members may not have been affiliated with the organization long enough to have acquired the ethical tone and tenor of that particular nonprofit agency, and (b) a turnover rate of fifty percent could represent a large enough change to evoke a shift in the ethical context of the organization. Thus, all organizations I recruited for participation in the second phase of the study met the criterion for stability.

Time constraints and infrastructure represented the final criterion for an organization to participate in the study. I intended to conduct the second phase of recruitment and data collection during a three month period in the spring of 2008. Thus, participant organizations had to agree with this timeline and have an appropriate infrastructure in place to distribute the survey. Specifically, infrastructure referred to maintaining a list of e-mail addresses for their affiliates.

Recruitment of the specific organizations to participate in the second phase of testing the Nonprofit Ethics Survey involved personal contact with the identified organizations' executive director or chairperson of the board. Upon communicating with the organizational representative(s) I presented the study, its potential risks and benefits, reviewed the screening criterion for organizational participation, and discussed the logistics of survey distribution.

Methods for Testing the Validity and Reliability of the Instrument

I used two phases of data collection and two types of statistical analysis to attempt to answer the research question posed by this study. As described above, the first phase of data collection gathered data from individuals affiliated with a wide array of nonprofit

organizations, and the second phase gathered data from multiple individuals affiliated with a single nonprofit organization.

Once I obtained the data sets, I used principal components analysis as a statistical tool to identify the clusters of questions within the survey instrument that best measure distinct underlying constructs. Hinkle and colleagues (2003) note that principal components analysis identifies which questions of a set best measure an identified construct. In this manner, principal components analysis provides a statistical measure of validity (Mertler & Vannatta, 2005). Principal components analysis further functions as a powerful item-reduction tool for survey development by determining the relationships between survey items, and providing critical information to make decisions about including and excluding survey variables (Field, 2005). Thus, using principal components analysis helped refine and shorten the instrument by eliminating unnecessary or duplicative survey items:

In other words, the principal components analysis provided three functions critical to revising the Nonprofit Ethics Survey: (a) it verified if my initial grouping of questions into seven constructs represented the actual number of constructs, (b) it determined which questions belong to what construct., and (c) it identified questions that do not relate to any other, or few other, questions in the survey. For example, a question I may have included in the construct of mission may have actually measured transparency. These questions represented survey items I considered deleting from the final instrument. In summary, conducting a principal components analysis of the survey data facilitated the refinement of the Nonprofit Ethics Survey to yield a parsimonious means of assessing ethics in nonprofit organizations.

I conducted the principal components analysis using *Statistical Package for Social Sciences (SPSS)* software. As indicated above, the process of using principal components analysis facilitated a reduction in the total number of questions. Once I completed the principal components analysis and determined the final question sets for each construct, I obtained a measure of Cronbach's Alpha to assess the internal consistency of each scale. Thus, Cronbach's Alpha represents the second statistical tool I employed in the statistical testing of the Nonprofit Ethics Survey.

Cronbach's Alpha provides a numerical coefficient representing an assessment of the internal consistency or in general terms, the reliability of a survey scale or group of questions. Reliability constitutes an important means of evaluating survey instruments or other metrics, and reliability often refers to the ability of an instrument to perform consistently (Fink, 2003). Scholars discuss multiple types of reliability in the statistical and mathematic literature. However, internal consistency represents the type of reliability important to testing and refining the Nonprofit Ethics Survey. Internal consistency refers to the extent to which all items in a survey or a scale assess the same attribute (Fink). Thus, calculating the coefficient of Cronbach's Alpha for each scale in the Nonprofit Ethics Survey provided a reliability score identifying how well the question set for each construct cohered, and it provided insight into how likely the scale would produce the same or similar results upon repeated administrations of the survey (Santos, 1999). Stated another way, the Cronbach's Alpha score determined how well the question sets hung together to measure the identified construct (DeVellis, 1991). A Cronbach's Alpha score of 0.70 is generally acknowledged as the minimum acceptable score to indicate reliable internal consistency within a range of possible scores from zero

to one (Santos, 1999). For the purpose of this study, I used the 0.70 threshold as the minimum score for determining internal consistency of the final scales in the Nonprofit Ethics Survey.

Procedures

Upon approval of this research by both the dissertation committee and the University of San Diego Institutional Review Board, I commenced with the first phase of recruitment. I sent recruitment e-mails to the distribution lists maintained by the Institute for Nonprofit Education and Research and followed up with reminder e-mails as needed to improve response rates. This phase of recruitment remained open for three months, as I did not meet the target of 300 participants. Potential participants self-screened regarding their appropriateness as a respondent to the survey, and I obtained electronic informed consent from respondents prior to them commencing with the electronic survey. I facilitated the electronic distribution, posting, and data collection of the survey using *Survey Monkey* software.

To commence with the second phase of recruitment, I approached nonprofit organizations affiliated with the Institute for Nonprofit Education and Research and invited them to participate. I screened each potential organization to ensure they met the minimum criteria for participation, and discussed the logistics of survey delivery. Additionally, I requested that one member of the organization, usually a member of one of the following: executive committee, ethics committee, the board chair, or the executive director provide basic demographic information on behalf of the organization (e.g., budget size, number of employees).

Once I collected the data sets from both phases of recruitment, I transferred the data from the *Excel* spreadsheets prepared by the *Survey Monkey* software to *SPSS* software. Once the data transfer was complete, verified for transfer accuracy, and the data cleaned for missing variables I commenced with the principal components analysis to facilitate data reduction and survey refinement. Once I determined the questions that would comprise the final survey instrument, I calculated the measures of Cronbach's Alpha for each scale in the survey. This data analysis provided the answer to the research question for this study.

Chapter Conclusion

The steps outlined in this chapter describe the methodology I used for developing and testing a statistically valid and reliable survey instrument for nonprofit organizations to assess ethics at the organizational level. The academic literature supports the constructs I have identified for the survey, the selected statistical methodology for this type of instrument development and refinement, and the form of recruitment and instrument delivery that I have chosen for this study. I believe the research outlined in this chapter provides a solid means for addressing the identified knowledge gap in the literature regarding organizational-level ethics assessment of nonprofit organizations. The completion of this study developed, statistically tested, and refined the Nonprofit Ethics Survey, thereby creating a practitioner-friendly and useful survey tool, a valuable contribution to the field of third sector studies.

CHAPTER FOUR

Results

This chapter provides the validity and reliability results achieved by testing the Nonprofit Ethics Survey. Specifically, this chapter describes the recruitment of participants, the delivery of the instrument to those participants, the characteristics of the samples used for assessing the validity and reliability of the survey, the process of data preparation, the statistical procedures I employed, and the results of the two principal components analyses conducted on the sample. Finally, the chapter concludes with the results of the reliability testing conducted on each statistically supported scale of the Nonprofit Ethics Survey.

Participants and Instrument Delivery

A pool of approximately 300 participants received the survey electronically for the first phase of recruitment, and a pool of 955 for the second phase of recruitment. Thus, 1,255 represent the total possible sample size for this study. The first phase of testing included the recruitment of individuals employed by a variety of nonprofit organizations, and the second phase involved the recruitment of multiple individuals employed by the same organization. Of note, I provide estimates of the number of participants recruited for this study in lieu of the actual number of participants for two reasons: (a) in the first phase of recruitment, select colleagues forwarded the survey to additional individuals affiliated with the Nonprofit Sector who may have had an interest in the survey and (b) in the second phase of recruitment, some organizations distributed the survey internally. Thus, in both phases of recruitment I relied on a reported number of people recruited without the opportunity to directly verify the actual number of people

recruited. I have no reason to question the number reported, and these approximate numbers are believed to be very close to the actual numbers. The identification of individuals for recruitment, for both phases of testing the Nonprofit Ethics Survey, occurred as a result of the individuals' information existing on a database maintained by the Institute for Nonprofit Education and Research at the University of San Diego.

The first phase of testing occurred September through December 2007. During this time period I sent recruitment e-mails to potential participants inviting them to participate in the study and providing them information about the background and development of the survey, the anonymity of participation (specifically that sharing information about their organization was safe), the intended statistical analysis, and an electronic link to access the Nonprofit Ethics Survey. Additionally, I sent the recruitment e-mail to 12 individuals who forwarded it to nonprofit colleagues who would potentially participate in a study to develop a tool for nonprofit ethics assessment. In this phase of recruitment I estimate approximately 300 individuals were contacted. Of the 300 potential participants 142 individuals clicked the electronic link and completed the informed consent to participate in the study. One hundred and eight of these individuals completed one or more of the survey questions after completing the consent.

The second phase of testing occurred February to April 2008. During this time period I recruited twelve organizations identified through the database maintained by the Institute for Nonprofit Education and Research. I sought a broad spectrum of potential organizations based on the characteristics of employee number, budget size, stability, and willingness to participate within the time frame of the study. Of the twelve organizations recruited, seven agreed to participate. These seven organizations provided a pool of 955

potential participants, and 422 of these 955 nonprofit affiliates clicked the electronic link, completed the informed consent to participate in the study, and answered one or more of the survey questions after completing the consent. Table 4 provides the number of affiliates (board members and staff) recruited, the number of respondents, and the response rate by organization. Additionally, Table 4 provides the reported budget size for the seven organizations in the study.

Table 4

Number of Affiliates, Response Rates, and Budget Size for Participating Organizations

Organization Number	Number of Affiliates	Number of Respondents	% Response	Annual Budget
Organization 1	30	22	73%	\$2,200,000
Organization 2	35	31	89%	\$1,500,000
Organization 3	39*	16	41%	\$5,000,000
Organization 4	46*	39	85%	\$18,000,000
Organization 5	220	117	53%	\$12,000,000
Organization 6	290	97	42%	\$8,000,000
Organization 7	295	100	34%	\$13,000,000
Total	955	422	60%**	N/A

*Only senior staff and board members were invited to participate

** Average response rate for all seven organizations

Delivery of the Nonprofit Ethics Survey in the second phase of testing occurred electronically through two methods. In the first method, the executive director of the organization sent an announcement of the survey to the members identified for participation. The e-mail (or a list of the recipient e-mail addresses) would be forwarded

to me, thus providing the contact information for each individual identified by the organization to participate in the study. Within three days of the announcement e-mail I sent an electronic link to the online survey to all potential participants. Additionally, I sent a reminder e-mail once a week for two weeks following the initial survey distribution. In the second method, the same steps and distribution were completed. However, the process was facilitated by the organization's human resources department, executive director, internet technology department, board chair, or a combination of these individuals. In these organizations I coordinated the timing of the announcement and reminders, while due to the confidentiality limitations the organizations executed the actual electronic distribution.

Additional distribution of the survey occurred via paper format for some members of two organizations in the study. The request for paper surveys occurred in both cases due to the field-work nature of the services provided by the organizations (Organization 2 and Organization 7 in Table 4). These two organizations had a percentage of their affiliates, in both cases line-staff members, who were not issued an e-mail address by the organization and who did not have regular and easy access to a computer. Both organizations indicated that they wanted all of their affiliates to participate in the study, and they wished to provide paid time to their employees to complete the survey. In both cases, information to access the electronic version of the survey was provided in addition to the paper version via a cover sheet that provided instructions to access an online survey link for their organization. Ultimately, 12 individuals in Organization 2 completed the paper version, and 16 individuals in Organization 7 completed the paper version.

Sample Characteristics

Survey results incorporated into the database for analysis of the Nonprofit Ethics Survey from the first phase of recruitment included a total of 108 surveys. This constitutes the number of surveys where participants completed one or more questions in addition to the consent to participate. Positional status, which refers to one's position within the organization, length of time with the organization, and position as a voting member of the board of directors for the sample of the participants in phase one of the recruitment yielded the following characteristics: twelve individuals identified as a board member, 27 as a senior staff member, 38 as a middle manager, 17 as a line staff member, and 14 did not respond to the question. Regarding length of time with the organization, 10 participants identified as having less than one year, 50 had one to five years, 13 had six to ten years, 12 had eleven to fifteen years, 4 had 16-20 years, 5 had 21 or more years, and again 14 participants did not respond to the question. The final demographic characteristic of the sample involved whether a participant served as a voting member of the board of directors. Notably, this number differs from the number of board members as some organizations allocate a vote on the board to the executive director of the organization. In the sample formed through the first phase of recruitment, 14 individuals identified as a voting board member.

Survey results incorporated into the database for analysis of the Nonprofit Ethics Survey from the second phase of recruitment included a total of 422 surveys. This constitutes the number of surveys where participants completed one or more questions in addition to the consent to participate. Positional status, length of time with the organization, and position as a voting member of the board of directors, for the sample of

the participants in phase two of the recruitment yielded the following characteristics: sixty individuals identified as a board member; 32 as a senior staff member; 85 as a middle manager; 213 as a line staff member; and 32 did not respond to the question. Regarding length of time with the organization, 80 participants identified as less than one year, 168 had one to five years, 81 had six to ten years, 27 had eleven to fifteen years, 13 had 16-20 years, 16 had 21 or more years, and 37 participants did not respond to the question. In the sample for the second phase of recruitment 64 identified as a voting board member.

The sample obtained by combining the participants from both phases of recruitment yielded a total sample of 530 with the following characteristics: seventy-two participants identified as a board member, 59 as a senior staff member, 123 as a middle manager, 230 as a line staff member, and 46 participants did not provide a response to the question. Regarding length of time with the organization, 90 individuals identified as having less than one year, 218 had one to five years, 94 had six to ten years, 39 had eleven to fifteen years, 17 had 16-20 years, 21 had 21 or more years, and 51 participants did not provide a response to the question. In the combined sample 78 participants identified as a voting board member.

As noted above, the second phase of recruitment for this study yielded participation from seven organizations. The organizations that qualified and chose to participate ranged in size from 30 affiliates (employees and board members) to 295 affiliates, with annual budgets ranging from \$1,500,000 to \$18,000,000. These organizations also ranged in their level of participation in a manner I did not anticipate. I approached each organization requesting permission and support to administer the survey

to all members of the organization's board, senior staff, middle management, and line staff. Five of the organizations chose to participate in this manner with their full membership. The remaining two chose to participate with only their senior staff and board members. Additionally, some of the smaller organizations reported that they do not possess a middle management staff. Thus, for these organizations the middle management positional option was not provided in their version of the survey.

Data Preparation

Prior to conducting a principal components analysis researchers recommend obtaining a measure of the Kaiser-Meyer-Olkin (KMO) score to assess the sampling adequacy of the data set, and completing Bartlett's test of sphericity to ensure the underlying matrix does not represent an identity matrix (Rossi, Wright, & Anderson, 1983; Field, 2005; Mertler & Vannatta, 2005; Meyers, Gamst, and Guarino, 2006). Scholars identify ratings for KMO scores as (0.50 - 0.70) mediocre, (0.70 - 0.80) good, (0.80 - 0.90) great, and (0.90 and above) superb (Hutcheson and Sofroniou, 1999).

To assess the appropriateness of a data set for conducting principal components analysis, the KMO score should fall within an acceptable range and the results for the Bartlett's test should be statistically significant as the test is seeking to disprove that the underlying matrix represents an identity matrix. When conducting principal components analysis the researcher also has to determine which method of rotation to use after extracting the initial components. Equimax, Oblique, and Varimax are the three most common methods identified by Meyers et al., (2006) with Varimax being the rotation method of choice (Mertler & Vannatta, 2005). Meyers et al. report little difference in the

results of the analysis based on which rotation technique a researcher selects (e.g., Oblique or Varimax techniques).

Principal components analysis also requires a sample of minimum size to obtain valid results. Multiple guidelines exist in the literature, and I selected the guidelines provided by Comrey and Lee (as cited in Meyers et al., 2006). Comrey and Lee identify the following sample size guidelines: very poor (50); poor (100); fair (200); good (300); very good (500); excellent (1000). An important note regarding smaller sample sizes indicates they may at times be used without compromising the quality of results. When a small sample must be considered for use, in addition to assessing the KMO and Bartlett's test results, an extra measure exists to determine the appropriateness of the data set for analysis. Researchers perform this extra measure by checking the communality values for each variable after extraction. The value should be 0.50 or higher without exceeding 0.90 for each variable. Variables not within this tolerance range may need to be removed prior to completing the analysis (Field, 2005). If the data set generates an acceptable KMO score, the Bartlett's test of sphericity is significant, and the communalities all register between 0.50 and 0.90, Field reports the data set is appropriate for analysis.

The guidelines for sample size and sample appropriateness serve to identify the needed sample characteristics to achieve the desired outcomes of factor or principal components analysis: (a) identification of which survey items group together to measure the same underlying construct, (b) elimination of duplicative survey items and, (c) elimination of survey items that do not group with any other survey items.

I created two samples to assess the Nonprofit Ethics Survey. These two samples were created to conduct two principal components analyses to revise the survey and test

the validity of the constructs. The first sample included all participants who completed one or more questions on the survey in addition to the consent. The second sample included all participants who identified as a voting member of the board and answered one or more of the governance questions in addition to the consent.

As mentioned previously, 25 questions on the survey regarding organizational governance were asked only of participants who identified themselves as a voting member of the board of directors. This resulted in an uneven sample size that could only be managed by conducting two principal components analyses. The first analysis included as variables the questions contained in constructs that all participants taking the survey responded to: Mission; Transparency; Open Communication; Decision Making; Advocacy Educational Opportunities and Training; and Daily-Ethics Behaviors. The second analysis included as variables the questions contained in the governance construct, which only voting members of the board answered.

To achieve sample sizes that met the highest of Comrey and Lee's (as cited in Meyers et al., 2006) standards, for conducting principal components analysis, I used surveys obtained through both phases of recruitment to generate the two samples for conducting the principal components analyses. Table 5 provides the characteristics of the combined sample. A description of the sample may also be found in the text of the participants section.

Table 5

Characteristics of the Combined Sample Total n = 530 (Frequency Count provided in n)

	Positional Status	Length of Time	Voting Board Member
Board Member	72 (14%)		
Senior Staff	59 (11%)		
Middle Management	123 (23%)		
Line Staff	230 (43%)		
No Response	46 (9%)		
Less than 1 yr		90 (17%)	
1-5 years		218 (41%)	
6-10 years		94 (18%)	
11-15 years		39 (7%)	
16-20 years		17 (3%)	
20 or more yrs		21 (4%)	
No Response		51 (10%)	
Yes			78 (15%)
No			402 (76%)
No Response			50 (9%)

To prepare for conducting principal components analysis I transferred the data from a *Microsoft Excel* file, prepared by the *Survey Monkey* software, and entered it into

Statistical Package for Social Sciences (SPSS) software. Once the data transfer was complete I conducted an initial screening of the data by computing frequency reports for all variables. This allowed me to identify any obvious coding errors. I also conducted a reliability check of my data transfer by verifying every tenth subject against the *Excel* data. I found no errors in my data transfer, and the minimal errors in coding found by reviewing the frequency reports were easily corrected. Specifically, I had coded the response “don’t know” with a value of six, in place of a value of zero, on three survey items in the *Survey Monkey* software. These errors were readily identified through the frequency report produced by *SPSS*. I knew the minimum and maximum value for the majority of questions to be one and five respectively. Thus, the appearance of a six in the frequency report represented an error.

The 28 participants who completed the paper version of the survey added an additional step to the data preparation process. I hand coded each survey and selected every fourth survey to check for reliability of coding. I found no errors in the coding of the paper surveys. Once the paper surveys were coded I entered the data into the *SPSS* software for analysis.

Missing data presents as a challenge to be managed in all research, and scholars identify multiple methods for negotiating this challenge. Rossi et al. (1983) describe three of the most common methods: listwise deletion; pairwise deletion; and replacement of missing values with the mean score.

Listwise deletion provides the most rigorous method as it excludes all cases where any question in the survey instrument was not answered. In my sample, when I applied the listwise deletion technique the sample decreased by 29% (118 cases or 412 total n).

Notably, a sample of 412 participants remains in the “good” to “very good” range based on Comrey and Lee’s classification (as cited in Meyers et al., 2006). However, it moved the sample closer to the rating of “good” whereas without listwise deletion the sample size presented as closer to the “very good” rating.

Pairwise deletion for management of missing data provides an alternative to listwise deletion by using the maximum number of complete cases for each survey question, not for the survey as a whole. This method allows researchers to obtain the maximum value from any portion of the survey participants completed. In this sample, when I applied the pairwise deletion technique to manage missing data the sample size change presented as less extreme than with listwise deletion, the sample decreased by 0% - 9% (0 – 45 cases or 530 - 485 total n) versus a sample of 412 when I used listwise deletion.

The third method, of replacing missing values with the mean, provides the least methodologically rigorous method (Rossi et al., 1983). This method uses all cases in the sample by replacing any missing data with the mean response for that question across the sample. Thus, when I applied this technique for managing missing data the analysis sample size was 530 cases.

Applying all three methods for managing missing data to my sample provided no notable variation in the general results, meaning the same questions loaded as related on the same components with all three methods and the KMO score for all three methods remained at 0.93. As mentioned previously, researchers identify evaluative ratings for KMO scores as (0.50 - 0.70) mediocre, (0.70 - 0.80) good, (0.80 – 0.90) great, and (0.90

and above) superb (Hutcheson and Sofroniou, 1999). Thus, the KMO score for any of the three methods to replace missing data for this sample achieve the superb rating.

Notably, I evaluated the sample using all three methods to determine if any differences existed in the ability of the principal components technique to determine constructs based on different methods for the management of missing data. I noted no change in the factors identified by the principal components analysis based on the three techniques for managing missing data. Ultimately, I report the results of the pairwise method below as this presents as the most common method for managing missing data when preparing a dataset for principal components analysis (Field, 2005).

Data Analysis

I conducted two separate principal components analyses for this study. Conducting two analyses was necessary due to the uneven numbers of respondents created by having a set of questions asked only of individuals who identified as a voting member of their organization's board of directors. In this case, the 24 Likert-style questions related to governance were only asked of respondents who identified themselves as a voting member of the board. I conducted the first principal components analysis using the total useable sample of participants ($n = 530$) from both phases of recruitment. This analysis included the majority of the first 76 items on the survey. In other words, the first principal components analysis used the survey questions asked of all participants, regardless of positional status, that used a five point, Likert-style scale. Thus, this analysis did not include as variables the 25 questions asked only of participants who identified themselves as a voting board member. Neither analysis used any of the following survey questions: three demographic questions regarding positional status,

length of time with the organization, and whether an individual is an active member of the board; two dichotomous questions; two overall rating questions that used a five-point, Likert-style scale; and one overall rating question that used a ten point, Likert-style scale.

The second principal components analysis was conducted using only the 24, five-point, Likert-style questions asked only of individuals who identified as a voting member of the board. Thus, the second analysis was completed using only the subjects who completed all questions on the survey including the 24 questions asked only of board members. The total sample size for this analysis was 78.

Ultimately, a total of 70 survey items composed the variables in the first principal components analysis, and it was conducted using a sample size of 530. Twenty-four survey items composed the variables in the second principal components analysis, and it was conducted using a sample size of 78 (the total number of individuals who identified as a voting member of the board). I will refer to the first principal components analysis as the primary analysis and the second principal components analysis as the secondary principal components analysis.

Primary Principal Components Analysis

The principal components analysis was completed using *SPSS* software. I commenced by obtaining a measure of the KMO score to assess the sampling adequacy of the data set and by completing Bartlett's test of sphericity to ensure the underlying matrix did not represent an identity matrix (Field, 2005). As noted previously, researchers identify ratings for KMO scores as (0.50 - 0.70) mediocre, (0.70 - 0.80) good, (0.80 - 0.90) great, and (0.90 and above) superb (Hutcheson and Sofroniou, 1999). The KMO score for this data set was 0.93. The Bartlett's test for this data set was significant

with a value of 0.000 proving that the underlying matrix did not represent an identity matrix. I conducted the extraction for the principal components analysis by directing the *SPSS* software to identify factors based on eigenvalues of one or greater, using the Varimax rotation technique for a maximum of 25 rotations. The data for this sample converged within eight iterations. I used pairwise deletion to manage any missing data in the sample. Thus, the total number of cases for this analysis ranged from 485-530.

The results of the primary principal components analysis yielded six factors with four or more items that loaded at a level of 0.60 or higher. Additionally, questions that loaded together on factors five and nine were determined valuable to the survey. Including these additional questions with the six factors identified through the principal components analysis accounted for approximately 61% of the total variance. Of note, I describe the basis and rationale for determining that these additional questions should be included in the survey in Chapter 5. Table 6 below reports the factor loads for the rotated component matrix for each of the six factors, and Table 7 reports the eigenvalues for each of the fourteen factors extracted by the analysis with an eigenvalue of one or greater. Refer to Appendix C for specific survey question ID's and text.

Table 6

Rotated Component Matrix with Factor Loads per Variable

Question	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
T 6	.78					
T 5	.76					
T 2	.75					
T 7	.73					
T 1	.70					
T 4	.68					
T10	.65					
T11	.64					
DEB 5		.85				
DEB 4		.84				
DEB 1		.81				
DEB 3		.80				
DEB 2		.80				
OC 5			.82			
OC 1			.81			
OC 2			.80			
OC 3			.69			
OC 6			.62			
OC 4			.59*			
OC 9			.52*			
OC 8			.52*			
OC 7			.43*			
DEB 10				.80		
DEB 9				.80		
DEB 6				.79		
DEB 7				.76		
DEB 8				.69		
DM 8					.89	
DM 7					.88	
DM 6					.79	
DM 3					.74**	
DM 4					.71**	
DM 1					.61**	
DEB 17						.81
DEB 16						.79
DEB 15						.72
DEB 18						.68
DEB 14						.64

* Items loading at less than 0.60

** Items regarding decision making loaded in two clusters of three questions each on components six and eight.

Table 7

Eigenvalues for Factors with an Eigenvalue of one or Greater after Extraction

Factor	Eigenvalue	% of Variance	Cumulative % of Variance
1	21.25	30.36	30.36
2	5.58	7.98	38.34
3	3.53	5.04	43.38
4	2.76	3.95	47.32
5	2.48	3.47	50.79
6	2.15	3.02	53.82
7	1.91	2.73	56.54

8*	1.88	2.68	59.22
9*	1.56	2.23	64.45
10	1.32	1.88	66.33
11	1.23	1.76	68.09
12	1.12	1.61	69.70
13	1.05	1.49	71.19
14	1.04	1.48	72.67

---- hashed line demarks factors with four or more variables loading at 0.60 or greater with the exception of factor six which had three variables loading at 0.60 or greater.

*Some questions that loaded on these factors were included in the final survey

Meyers et al. (2006) report that Varimax constitutes the most commonly used technique for rotation and typically very little, if any, difference exists in the results using different rotational techniques. To check the accuracy of this claim for this data set I also

conducted the rotation using an oblique technique. I noted no difference in the results, based on number of factors and factor loads per variable, as expected per Meyers et al., (2006).

Secondary Principal Components Analysis

The second principal components analysis was also completed using *SPSS* software. I commenced by obtaining a measure of the KMO score to assess the sampling adequacy of the data set and by completing Bartlett's test of sphericity to ensure the underlying matrix did not represent an identity matrix (Field, 2005). The KMO score for this data set was 0.76 and the Bartlett's test demonstrated that the underlying matrix did not represent an identity matrix with a significance value of 0.000. As mentioned previously, evaluative ratings for KMO scores range as follows: (0.50 - 0.70) mediocre; (0.70 - 0.80) good; (0.80 - 0.90) great; and (0.90 and above) superb (Hutcheson and Sofroniou, 1999). Thus, the KMO score for this sample achieved a rating of good and the Bartlett's result passed. I conducted the extraction for the principal components analysis by directing the *SPSS* software to identify factors based on eigenvalues of one or greater and used the Varimax rotation technique for a maximum of 25 rotations. The data for this sample converged within six iterations.

The sample size for this analysis included 78 cases, the total number of survey participants who identified as a voting member of the board of directors and who completed one or more of the questions regarding governance. To manage missing data in this sample I used pairwise deletion, which yielded an analysis range of 79-73 total cases. As mentioned previously, Comrey and Lee (as cited in Meyers et al., 2006) identify the following sample size guidelines: very poor (50); poor (100); fair (200); good

(300); very good (500); excellent (1000). Thus, this sample is classified as poor by these standards. However, when a small sample must be considered for use, in addition to ensuring the KMO score and Bartlett's test results indicate the data set is appropriate for analysis, Field (2005) reports the data set can be further assessed for appropriateness by evaluating the coefficients of the communalities after the initial extraction. If these values register at 0.50 or higher without exceeding .090 for each question in the survey the data set is appropriate for principal components analysis. If the communality coefficient for any question is not within the tolerance range the question or questions should be removed from the data set prior to conducting the analysis.

I conducted the above described tests to assess the appropriateness of this data set for principal components analysis. The KMO value registered at 0.76 (good), the data set passed the Bartlett's test for sphericity, and the communalities of all variables registered within the appropriate tolerances. The results of this testing indicated that the data set, although small, was adequate for principal components analysis.

The results of the secondary principal components analysis yielded six components. Of these six components, one contained nine items that loaded at 0.60 or higher and one contained three items that loaded at 0.60 or higher. Table 8 below reports the factor loads for the rotated component matrix for each of the six factors and includes variables that registered at a lenient guideline of 0.50 or higher. Table 9 reports the eigenvalues for each of the 6 factors with an eigenvalue of one or greater.

Table 8

Rotated Component Matrix with Factor Loads per Variable for the Secondary Analysis						
Original Name	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
G 13	.80					
G 12	.78					
G 11	.77					
G 3	.72					
G 18	.68					
G 17	.66					
G 4	.65					
G 9	.62					
G 7	.61					
G 6	.58*					
G 21	.56*	.51*				
G 16	.55*					
G 8	.55*					
G 14	.54*	.58*				
G 10	.54*					
G 19	.54*					
G 24		.79				
G 23		.66				
G 22		.63				
G 5			.54*			
G 20				.51		
					N/A	
G 1						.52*

* Loaded at less than 0.60

Note: Some variables loaded on more than one component at a level of 0.50 or higher. Further testing with a larger sample size will determine which variables should be eliminated from the survey. Only survey questions G 2 and G 15 did not load at a level of 0.50 or higher on any component. Further, only component five did not have any variables load at 0.50 or higher.

Table 9

Eigenvalues for Factors with an Eigenvalue of one or Greater after Extraction

Factor Variance	Eigenvalue	% of Variance	Cumulative % of
1	7.88	32.83	32.83

2	3.12	13.01	45.84
3	2.26	9.42	55.26
4	1.60	6.66	61.92
5	1.37	5.70	67.62
6	1.08	4.50	72.12

---- hashed line demarks factors with four or more variables loading at .600 or greater

Meyers et al. (2006) report that Varimax constitutes the most commonly used technique for rotation and they identify typically very little, if any, difference in the results using different rotational techniques. To check the accuracy of this claim for this data set I also conducted the rotation using an oblique technique. I noted no difference in the results, based on the number of factors or the loads per factor, as expected per Meyers et al. (2006).

Reliability

To test the reliability of the factors identified through the principal components analysis I obtained a measure of Cronbach's Alpha for each final scale. Of note, I provide a discussion of how each final scale was determined, based on the results of the principal components analyses, in Chapter 5. Using *SPSS* software to calculate the alpha value, and a guideline of 0.70 as a minimum threshold (Santos, 1999) each of the seven

factors measured by the Nonprofit Ethics Survey qualified as reliable. Table 10 below reports the alpha score for each factor.

Table 10

Cronbach's Alpha Score for Each Factor in the Nonprofit Ethics Survey

Factor Name & Number (Revised)	Number of Items In the Final Scale	Alpha Score
Transparency (1)	8	.90
Daily-Ethics: Board Members (2)	5	.94
Open Communication (3)	5	.89
Daily-Ethics: Senior Management (4)	5	.93
Decision Making*** (6)	6	.86
Daily-Ethics: Accountability (7)	5	.88

Governance (1A)*	24	.90

* Includes all 24 Likert-Style questions in the original survey construct

** Three of the decision Making questions loaded together at a level of 0.60 or higher on Factor six and three loaded together at 0.60 or higher on Factor eight.

--- Denotes division of results from the first and second principal components analysis

CHAPTER FIVE

Discussion and Conclusions

The results of piloting the Nonprofit Ethics Survey, and the use of those responses to conduct statistical tests of reliability and validity, provide support for the integrity of the final instrument. In this concluding chapter of the paper, I will discuss the revisions to the Nonprofit Ethics Survey based on the interpretation of results from the two principal components analyses and reliability scores, the evidence present for the strong theoretical grounding of the survey, the relevant policy implications and use of the survey, the delimitations and limitations of the Nonprofit Ethics Survey, and the identified directions for future research.

Revisions to the Nonprofit Ethics Survey

Various recommendations exist in the literature for the amount of factor load required to include a question or variable in a factor. Stephens (as cited in Steele, 2007) has the most generous guidelines, identifying reliable factors as those that contain four or more variables with a factor load of 0.60 or greater, regardless of sample size. Additionally, Stephens identifies reliable factors as those composed of ten or more variables with a factor load of 0.40 when using a minimum sample size of least 150 (cited in Steele, 2007). Meyers et al. (2006) hesitantly provides support for Stephens' claim by endorsing the existence of a "lenient loading criterion of 0.40" (p.512) as a practice of some researchers. The hesitancy of supporting this practice is noted by their comment on this practice, "Ideally, you should have enough variables in the 0.70 range or higher to not worry about bringing in variables that are in the 0.40's" (p.512). Meyer's et al. overall endorses the use of 0.70 as a general inclusion criterion, and they state that

typically researchers require the presence of four or more variables with a factor load at this level to compose a factor.

Meyers and colleagues (2006) also clearly note the art and science that co-occur when using principal components analysis. The science presents itself in the *SPSS* outputs of factor loads, scree plots, eigenvalues, and rotated component matrices. The art lies in the interpretation of the data by the researcher and the transformation of the theoretically-grounded, statically-supported instrument into a tool the end consumer can use; in this case nonprofit organizations and the third sector at large.

The results of the two principal components analyses guided the revision of the Nonprofit Ethics Survey and provided support for its solid theoretical grounding. Of the original seven constructs generated and supported by theory, the analyses identified four of them as statistically valid, one as actually containing three distinct constructs, and two with questions that provide supportive information and or that complement the Governance scale. This validation met a criterion that constituted a hybrid-blend of Stephens (as cited in Steele, 2007) and Meyers et al. (2006) criteria. For this study, I considered a statistically supported factor to be one with four or more variables loading on a single factor at a level of 0.60 or higher. Notably, most variables in the analysis loaded at a level of 0.70 or higher, thereby meeting the strictest set of criteria as expressed by Meyers and colleagues.

Transparency, Open Communication, Decision Making, and Governance constitute the four constructs that remained largely intact. Following an interpretation of the analysis these constructs underwent a revision process that yielded scales containing five to eight questions per construct. The constructs of Daily-Ethics Behaviors and

Governance both represent an exception to the number of questions per scale in the survey as these constructs contained 18 and 24 Likert-style questions in the original survey. The following paragraphs will provide a discussion about the validity and reliability testing of the survey and the resulting revisions to each construct in the Nonprofit Ethics Survey. Please see Appendix C for a list of original survey questions and construct names. Additionally, Appendix D provides a list of the revised construct names and the questions composing the final scales in the Nonprofit Ethics Survey.

Transparency

The construct of Transparency contained thirteen questions in the beta version of the Nonprofit Ethics Survey used in this study. Eight of these questions loaded at a value of 0.60 or higher on the first factor extracted by the principal components analysis. Using pairwise deletion, the analysis was conducted using between 504 and 494 cases for the thirteen questions assessing organizational transparency. The factor loads for this construct ranged from 0.64 to 0.78 and included questions T 6, T 5, T 2, T 7, T 1, T 4, T10, and T 11. This information is also depicted in Table 6 on page 94. Questions T 3, T 8, T 9, T 13, and T 14 were eliminated from the final scale in the revised Nonprofit Ethics Survey due to their low factor loads (below 0.60 on all components extracted for the analysis). In summary, based on interpreting the results of the principal components analysis the revised Transparency construct contains eight questions, and has a reliability coefficient of 0.91 indicating a high degree of reliability.

Open Communication

The construct of Open Communication contained nine questions on the beta version of the Nonprofit Ethics Survey used in this study. Six of these questions loaded

at a value of 0.60 or higher on the third factor extracted by the principal components analysis. Using pairwise deletion, the analysis was conducted using between 497 and 493 cases for the nine questions assessing open communication. The factor loads for this construct ranged from 0.62 to 0.82 and included questions OC 5, OC 1, OC 2, OC 3, and OC 6. This information is also depicted in Table 6 on page 94. Questions OC 4, OC 7, OC 8, and OC 9 were eliminated from the final scale in the revised Nonprofit Ethics Survey due to their low factor loads (below 0.60 on all components extracted for the analysis).

Although these questions were removed from the Open Communication scale, an examination of the actual question text revealed the questions have value to add from a qualitative and end-user perspective. Stated another way, the questions provide collateral or supportive information that may be useful to the organization's leaders. Thus, these four questions (OC 4, OC 7, OC 8, and OC 9) were eliminated from the Open Communication scale, but they were not eliminated from the survey (See Appendix D).

In summary, based on interpreting the results of the principal components analysis the revised Open Communication construct contains five questions and has a reliability coefficient of 0.89 indicating a high degree of reliability. The remaining Open Communication questions were preserved as support questions in the revised Nonprofit Ethics Survey.

Decision Making

The construct of Decision Making contained ten questions in the beta version of the Nonprofit Ethics Survey used in this study. Three of these questions loaded at a value of 0.60 or higher on the sixth factor extracted by the principal components analysis and

three loaded at a value of 0.60 or higher on the eighth factor extracted during the analysis. Using pairwise deletion, the analysis was conducted using between 492 and 487 cases for the ten questions assessing decision making within the organization. The factor loads for this construct ranged from 0.61 to 0.74 on the sixth factor, and from 0.79 to 0.89 on the eighth factor. Questions DM 1, DM 4, and DM 3 loaded on factor six and questions DM 6, DM 7, and DM 8 loaded on factor eight. This information is also depicted in Table 6 on page 94. Decision Making questions number DM2, DM 5, DM 9, and DM 10 were eliminated from the final scale in the revised Nonprofit Ethics Survey due to their low factor loads (below 0.60 on all components extracted for the analysis).

In summary, based on an interpretation of the principal components analysis results, the revised Decision Making construct contains six questions. The final scale to measure the Decision Making construct has a reliability coefficient of 0.88, which indicates a high degree of reliability.

Daily-Ethics Behaviors

The principal components analysis demonstrated that the construct of Daily-Ethics Behaviors, which originally contained eighteen Likert-style questions, actually represented three distinct constructs containing groups of questions about senior management, board members, and accountability. All three clusters represent subsets of the original Daily-Ethics Behaviors construct, and each contains enough questions to compose individual scales on the survey. Daily-Ethics Behaviors of Board Members, Daily-Ethics Behaviors of Senior Staff, and Accountability constitute the names of the three constructs in the final instrument.

Daily-Ethics Behaviors of Board Members contains questions DEB 5, DEB 4, DEB 1, DEB 3, and DEB 2, which loaded at a value of 0.60 or higher on the second factor extracted by the principal components analysis. Of note, these were the only five of the eighteen questions that inquired directly about the daily-ethics behaviors of board members in this construct. Using pairwise deletion, the analysis was conducted using between 530 and 528 cases for the eighteen questions assessing daily-ethics behaviors within the organization. The factor loads for this construct ranged from 0.80 to 0.85. This information is also depicted in Table 6 on page 94. The reliability coefficient for this scale is .94, which indicates a high degree of reliability.

Daily-Ethics Behaviors of Senior Staff contains questions DEB 10, DEB 9, DEB 6, DEB 7, and DEB 8, which loaded at a value of 0.60 or higher on the fourth factor extracted by the principal components analysis. Of note, these were the only five of the eighteen questions that inquired directly about the daily-ethics behaviors of senior staff in this construct. Using pairwise deletion, the analysis was conducted using between 528 and 525 cases for the eighteen questions assessing daily-ethics behaviors within the organization. The factor loads for this construct ranged from 0.69 to 0.80. This information is also depicted in Table 6 on page 94. The reliability coefficient for this scale is 0.93, which indicates a high degree of reliability.

Accountability contains questions DEB 17, DEB 16, DEB 15, DEB 18, and DEB 14, which loaded at a value of 0.60 or higher on the seventh factor extracted by the principal components analysis. Of note, these were the only five of the eighteen questions that inquired directly about accountability within the Daily-Ethics Behaviors construct. Using pairwise deletion, the analysis was conducted using between 520 and

516 cases for the eighteen questions assessing daily-ethics behaviors within the organization. The factor loads for this construct ranged from 0.64 to 0.81. This information is also depicted in Table 6 on page 94. The reliability coefficient for this scale is 0.87, which indicates a high degree of reliability.

Three additional questions DEB 13, DEB 12, and DEB 11, from the original eighteen Likert-style questions that created the construct of Daily-Ethics Behaviors, clustered together in the ninth factor loading at levels of 0.78, 0.88, and 0.89 respectively. This mini-cluster provides a unique example of questions from the original survey that intuitively belong in the revised survey, even though they do not meet Meyer's (2006) recommendation of creating a factor by having four variables that load at 0.70 or higher. The reliability coefficient for these three questions is 0.89, which indicates a high degree of reliability.

These three questions assess the daily-ethics behaviors of organizational affiliates from the position of coworkers. I included these three questions in the survey when adapting the construct from the NBES to indirectly inquire about coworker behavior at all levels of the organization. This provides a collateral source for assessing the information provided by participants when the survey asks them directly about ethical issues. For example, if when using this survey with a single organization, the affiliates' answers to direct questions about ethics varies from their answers to indirect questions, about coworker ethics, an indication that disparity exists within the organization will be revealed. From a leadership perspective, disparity highlights an area that may warrant further attention in the form of training, education, policy, or other support. Specifically, the indirect assessment questions in the Nonprofit Ethics Survey work because when

asked about a coworker, board members responding to the survey are reporting on *their* coworkers, which then provides a secondary assessment of board members. When questioning line staff members about *their* coworkers, the responses provide a secondary assessment of line staff. This dual assessment of perceptions provides additional opportunities to analyze the data on an individual organizational basis. Thus, I made the decision to include these questions in the revised survey – not as a construct, but as supportive questions that provide valuable information to the individual organizations that will ultimately use the Nonprofit Ethics Survey.

In summary, the Daily-Ethics Behaviors construct was demonstrated by the use of principal components analysis to actually measure three distinct constructs in addition to a small cluster of three related questions that inquire about coworker behavior. Daily-Ethics Behaviors also comprises the only construct, of those evaluated by the primary principal components analysis, to not eliminate any questions based on the results of the analysis. All eighteen Likert-style questions that were assessed by testing the beta version of the Nonprofit Ethics Survey remain in the revised version. Of note, the reliability coefficient for all 18 Daily-Ethics Behaviors questions combined is 0.91, which indicates a high degree of reliability.

Advocacy, Educational Opportunities, and Training

The construct of Advocacy, Educational Opportunities and Training represents one of two constructs that did not contain four or more questions with a factor load of 0.60 or higher on any one factor identified through the use of principal components analysis. Of the ten questions in the original construct, eight of them did not load on any

factor at a level of 0.60 or higher, and the remaining two loaded as a pair on factor ten with loads of 0.71 and 0.77.

A review of the actual question text for all Advocacy, Educational Opportunities, and Training questions demonstrated that the questions may actually complement the Governance construct. I conducted an unplanned exploratory factor analysis with the available data set using all of the Governance and all of the Advocacy, Educational Opportunities, and Training questions to determine whether to eliminate the questions from the survey or move them to the Governance scale for additional future testing. In the exploratory analysis all ten Advocacy, Educational Opportunities, and Training questions loaded at a level of 0.60 or higher on a component extracted by the analysis. This indicates the Advocacy, Educational Opportunities, and Training questions potentially add value to the survey and warrant additional testing. Additional support for the decision to move the questions to the Governance construct for future testing comes from an assessment of the Cronbach's Alpha coefficient for the Governance questions with and without the Advocacy, Educational Opportunities, and Training questions. The Cronbach's Alpha coefficient remained stable at 0.89 with the addition of the questions, indicating a high degree of reliability.

Mission

The construct of Mission represents the second construct in the survey that did not contain four or more questions with a factor load of 0.60 or higher on any one factor identified through the use of principal components analysis. Of the ten questions on the beta version of the Nonprofit Ethics Survey related to Mission, questions M 1, M 2, and M 4 loaded together on the fifth factor with loads of 0.77, 0.73, and 0.70. Additionally,

M 8 loaded at 0.63 on the factor 12. The remaining six questions did not load on any one factor at 0.60 or higher.

To determine the outcome of the Mission questions I again conducted an unplanned exploratory analysis using the available data set to analyze the Mission questions in combination with the Governance questions. However, I left out the three Mission questions that loaded together on the fifth factor as based on their high factor loads, high Eigenvalue, and an examination of the actual question text I determined these questions were appropriate to ask all members of the organization and may provide interesting qualitative information to the leadership of a nonprofit organization using the survey. As noted, the remaining seven questions were analyzed in combination with the Governance questions. The results of this exploratory analysis demonstrated that four of the seven questions loaded at 0.60 or higher on a factor. This indicates at least some of the Mission questions potentially add value to the survey and warrant additional testing. Additional support for the decision to move the questions to the Governance construct for future testing comes from an assessment of the Cronbach's Alpha coefficient for the Governance questions with and without the Mission questions. The Cronbach's Alpha coefficient for the Governance questions alone was 0.89 and it increased slightly to 0.90 with the addition of the seven Mission questions.

Governance

The secondary principal components analysis conducted to evaluate the 24 Likert-style questions under the original governance construct yielded support for one factor with nine questions loading at .60 or higher. Three additional questions loaded at 0.60 or

higher on the second factor and overall, all but one questions loaded at 0.50 or higher on one or more factors extracted during the analysis.

Making a decision about this construct by relying only on the results of the analysis alone would eliminate 12 items that load just below the minimum requirement of 0.60. Stated another way, half of the survey questions each accounting for a sizeable amount of the variance would be eliminated. Given the small sample size and the potential for the questions to be better assessed by a larger sample I am not eliminating questions from the construct of Governance at this time. Instead I recommend future testing with a larger sample size to evaluate the Governance questions and to further assess the questions from the original constructs of Mission and Advocacy, Educational Opportunities, and Training. Additional support for not revising the Governance construct based on the principal components analysis includes the following: (a) without revisions the construct demonstrates content and face validity (discussed later in this chapter), (b) the reliability coefficient indicates a high degree of reliability at .89 without eliminating any survey questions, and (c) the sample size, although appropriate for conducting principal components analysis based on the three methods for evaluating a data set, rated a poor classification based on the more conservative standards in the literature for assessing the quality of a sample size (Meyer et al., 2006).

As discussed in the sections on Mission and Advocacy, Educational Opportunities and Training, questions from these two sections have been moved to the Governance construct based on an evaluation of the question text, exploratory factor analyses, and an assessment of the impact on the reliability coefficient when the questions were added to the Governance construct. Given that I am recommending the Governance construct

undergo additional evaluation, it is logical to preserve additional questions from the original survey instrument at this time. Ultimately, these questions may not prove to cohere with other questions in the Governance construct, at which time they would be eliminated from the survey. However, if the questions add value to the Governance scale the decision to retain them will supported through the additional principal components analyses and reliability testing.

The revised Nonprofit Ethics Survey ultimately contains seven scales measuring the constructs of: Transparency; Daily-Ethics Behaviors of Board Members; Open Communication; Daily-Ethics Behaviors of Senior Management; Decision Making; Accountability; and Governance. Table 11 provides a summary of the original construct names, the number of questions per original construct, the revised construct names, the number of questions in each revised construct, and the Cronbach's Alpha score for each of the final scales.

Table 11

Comparison of Beta Survey Constructs to the Final Survey Constructs

Original Construct	Number of Questions	New Construct Name	New Number of Questions	Cronbach's Alpha Score
Transparency	13	Transparency	8	.90
Open Communication	9	Open Communication	5	.89
Decision Making	10	Decision Making	6	.86
Daily-Ethics Behaviors	18	Daily-Ethics: Senior Mng't	5	.93
		Daily-Ethics: Board	5	.94
		Accountability	5	.88

Governance	24	Governance	24/41*	.89/.90*
+++++				
Mission	10	N/A	N/A	N/A
Advocacy, Educational Opportunities & Trng.	10	N/A	N/A	N/A

--- Indicates two separate principal components analysis

++ Indicates unsupported constructs

* Indicates expanded Governance construct with 7 Mission Questions and 10 AET Questions

The results of the principal components analysis and the measure of Cronbach's Alpha for each scale in the Nonprofit Ethics Survey guided the revision process and clearly demonstrated the statistical validity and reliability of the final instrument. Additionally, the six scales identified by the first principal components analysis yielded a relatively equitable measure of the constructs. This equality further anneals the strength of the survey by offering a uniformly precise measure of each construct. The governance

construct, evaluated through the results of the second principal components analysis, yielded a promising preliminary measurement scale. Although the Governance construct breaks from the trend of scale size set by the preceding seven constructs, the Alpha coefficient registered at 0.89/0.90, well above the minimum required score of 0.70. Overall, the ease of refinement based on interpreting the results of the principal components analyses and the strong reliability coefficients demonstrates the quality of the Nonprofit Ethics Survey.

Evidence for Strong Theoretical Grounding

Two indicators support the strong theoretical grounding of the Nonprofit Ethics Survey. First, the high factor loads and corresponding eigenvalues for each of the identified constructs. As identified in Table 6 (Chapter 4), all factor loads ranged from 0.61 to 0.89 with a majority of variables loading at 0.70 or higher. Second, the statistical support provided by the principal components analyses for the existence of five of the seven original constructs. Specifically, I identified valid constructs through knowledge of the theory and no questions crossed over to different constructs during the principal components analysis. For example, eight of the original 13 questions that composed the construct of Transparency remain in the final construct, as do six of the original questions for Open Communication, and all of the Daily-Ethics Behaviors questions. This pattern holds true for the results of the principal components analyses for all of the constructs.

Stated another way, many of the question sets initially designed to measure a specific construct related to nonprofit ethics, were identified by the statistical analyses as appropriately grouped with other questions designed to measure that specific construct. This stability of scales indicates the multiple questions crafted to measure each construct,

at a minimum represent questions that measure the same concept and at a maximum indicate each scale actually measures the intended construct. Initial support for this claim of construct validity, stems from the performance of the survey as anticipated based on theoretical predictions and the results of the principal components analysis. However, as construct validity assumes two verified relationships: (a) between the survey questions and the theory and (b) between questions in each scale (Rossi et al., 1983). It remains important to note that a supported statement of construct validity will require multiple applications of the survey and additional analyses to determine with a degree of certainty. A discussion of content validity, face validity, and the reliability of the Nonprofit Ethics Survey follows.

Content Validity

Content validity often references the ability of an instrument or scale to measure what it claims to measure, and many scholars evince the content validity of the instruments they design by anchoring them in theory (Fink, 2003). Thus, the comprehensive literature review and qualitative process used to obtain input from members of the San Diego nonprofit community provide significant support for the content validity of the Nonprofit Ethics Survey. Theoretical underpinnings obtained through the literature review and qualitative process served as a guide for both the question crafting and development of each construct. Thus, support for the constructs of the Nonprofit Ethics Survey through the use of principal components analysis provides assurance that the survey constitutes an instrument possessing content validity.

Face Validity

In contrast to content validity, a survey does not require theoretical grounding to possess face validity. Face validity largely assesses to what extent an instrument asks all the needed questions, and if the survey asks the questions at an appropriate level for its intended audience (Fink, 2003). Establishing that the Nonprofit Ethics Survey possesses face validity has occurred through multiple methods. I described some of the preliminary measures for determining face validity of the instrument in earlier chapters including: (a) review of the instrument by colleagues at the Institute for Nonprofit Education and Research, (b) review of the instrument by peers in a doctoral class on survey methodology, (c) review of the instrument by my dissertation committee chair and, (d) review of the domain analysis by the members of the San Diego nonprofit community following the qualitative analysis process. The feedback provided from these sources assisted in revising the initial draft of the survey to create the beta version of the survey that was delivered to organizational participants in this study and indicated that the Nonprofit Ethics Survey successfully achieved face validity.

I have obtained additional information regarding the face validity of the Nonprofit Ethics Survey anecdotally through the process of administering the instrument to the seven organizations involved in this study. The process of coordinating the survey delivery in these organizations often involved having the executive director, board chairperson or president, human resources personnel, and or members of administrative support staff review the instrument to determine if it represented a survey they would like to have their organizational affiliates complete. The feedback provided from the organizational participants was overwhelmingly positive, although I did not formally

assess or record their comments. The collective feedback indicates that the survey provides a comprehensive measure of ethical perceptions by organizational affiliates and asks all needed questions at an appropriate level. Thus, given the support for the presence of face validity obtained prior to using the Nonprofit Ethics Survey with individual organizations and because of the positive feedback obtained by using the survey with organizations, I feel confident that the Nonprofit Ethics Survey constitutes an instrument with face validity.

Reliability

As discussed previously, the measure of internal consistency for each scale provided by obtaining the Cronbach's Alpha coefficients further indicate the Nonprofit Ethics Survey possesses a solid theoretical grounding. The seven scales ranged from 0.86 to 0.94 indicating a high degree of internal consistency. Additionally, the Alpha coefficient provides a utility check of the scales created through interpreting the results of the principal components analyses. The analysis provided the mathematical best answer for how questions in the Nonprofit Ethics Survey cluster or group together. The measure of Cronbach's Alpha provided verification that these results not only represent the mathematical best answer factor analytically, but that the questions on each scale actually cohere or hang together precisely (Santos, 1999).

Use of the Survey and Policy Implications

Nonprofit organizations interested in assessing the perceptions of ethics held by their affiliates represent the end-user of the Nonprofit Ethics Survey. Thus, the statistically-supported and theoretically-grounded instrument serves to provide nonprofit

organizations and their leadership a parsimonious, user-friendly method for comprehensive ethics assessment at the organizational level.

The individual nonprofit organizations that use the Nonprofit Ethics Survey to assess the perceptions of ethics by the affiliates of their organization will have the opportunity to access the instrument free of charge from the Institute for Nonprofit Education and Research website. The survey delivery will occur electronically, and theoretically any nonprofit organization in the world with English speaking affiliates could choose to use the survey with their organization. Results of the survey provided to organizations will include a report of the mean scores for each question on the survey grouped by positional status, provided as an overall organizational score, and assessed via the coworker questions. The report of results will also include the overall rating scores for the organization. I will encourage organizations to use the survey data as an informed place to begin conversations.

As no known tools currently exist for assessing the perceptions of ethics at all levels of nonprofit organizational affiliates, the impact of having such an instrument creates significant new opportunities for the leadership of nonprofit organizations and for the third sector at large. These opportunities include increased likelihood of organizations using the survey to adopt both: (a) the healthy practices associated with being a learning organization, and (b) the increased use of best practices. Additionally, use of the survey by nonprofit organizations to engage in comprehensive self-assessment has two potential benefits: (a) increase preparedness for pending governmental regulation and accountability measures and (b) to improve individual nonprofit organization's

performance in their stewardship of public monies and trust. I will discuss these opportunities in depth in the paragraphs that follow.

Regarding the healthy practices associated with being a learning organization Bruckmaster (1999) and Kaptein et al. (2005) identified that organizational practices inclusive of self-assessment, such as the Nonprofit Ethics Survey affords, adopt more practices identified as characteristics of learning organizations. Argyris (1977) and Senge (1990) describe learning organizations as those that identify and remove barriers to knowledge and learning. Evaluation provides a means for organizations to actively identify potential barriers. However, evaluation requires statistically valid and reliable tools developed to meet the specific needs of the organization. The Nonprofit Ethics Survey is such a tool.

Bruckmaster (1999) and Kaptein et al. (2005) have also identified through studies in the human service sector that the use of evaluation and the use of best practices in the organization represent positively correlated variables. As noted above, the positive impact of evaluation and self-assessment practices on organizations constitute important opportunities for nonprofit agencies related to both: (a) preparedness for pending governmental regulation and accountability measures and, (b) the stewardship role of money and public trust held by philanthropic entities.

As discussed in Chapter One, nonprofit organizations and the third sector at large typically embody a reactive or single-loop approach to ethics accountability and the requirements of increasing governmental regulation. A lack of financial resources and well-intended commitment to serving the organization's mission statement may account for the inability of nonprofit managers to get and stay ahead of legislative and

accountability issues. However, root-cause aside, reactivity leads to a crisis form of operation. In contrast with organizations that regularly engage in formalized evaluation, which promotes ethical health, and the increased use of best practices in organizations (Bruckmaster, 1999; Kaptein et al., 2005), the ability to engage in comprehensive organizational-level ethics assessment provided by the Nonprofit Ethics Survey provides the means for organizations to shift from a reactive approach to proactive approach. The Nonprofit Ethics Survey allows organizations to obtain a measurement of the perceptions of ethics held by their affiliates. This measurement can provide invaluable information including potential needed change or ethical areas of vulnerability.

The use of best practices in the seven areas assessed by the Nonprofit Ethics Survey contributes to the ethical health of an organization, and to the creation of an ethically strong culture (Ethics Resource Center, 2008). These contributions constitute important support for the benefit of using the Nonprofit Ethics Survey with philanthropic organizations.

Delimitations and Limitations

This section of the chapter provides a review of the delimitations and limitations of the study. Delimitations include the types of organizations not well-suited for using the Nonprofit Ethics Survey and its intended scope of use. The limitations of the survey include the lack of extensive testing to determine: (a) if reversing the Likert-style responses in each scale would have an impact on the statistical analysis and (b) if the results and information the survey provides will serve different types of organizations differently. The paragraphs that follow will discuss these issues framed in the context of the significant variation within the third sector.

Organizations Not Well-Suited for the Survey

Nonprofit scholar Preston (2007) notes that the third sector constitutes a sector with great diversity among its constituents as organizations with service missions, budgets, and employee numbers of all size ranges receive the same Internal Revenue Service classification, 501(c)(3) nonprofit organization. Further, some 501(c)(3) organizations exist largely to give or distribute funds (e.g., most types of foundations) while others primarily exist to secure funding and provide direct services. Adding to the complexity additional variation in developmental levels across organizations within the sector, and within individual silos of the sector, further contributes to the sector's heterogeneity.

The variation within the sector serves as important in determining the appropriateness of individual organizations for using and benefiting from the Nonprofit Ethics Survey. Organizations that have achieved a higher developmental level typically have more resources, experience, and ability to focus on issues such as ethics. While organizations functioning at an earlier developmental level may only possess the resources needed to focus on basic issues, such as organizational viability. I recommend organizations have a minimum of three years of functioning as an active nonprofit, without significant concern for future viability, before using the Nonprofit Ethics Survey to assess the perceptions of ethics within their organization.

Nonprofit organizations with a very small number of affiliates represent another organizational type limited for using the Nonprofit Ethics Survey. This limitation exists because the design of the Nonprofit Ethics Survey intends that all members of the organization participate. Achieving significant participation within the organization

contributes to the survey results in two ways: (a) to provide an accurate picture of the perceptions of ethics within the organization at all levels and, (b) to ensure confidentiality of participants by reporting results in aggregate form. For these reasons, nonprofit organizations using the survey must ensure they have several members at each level of the organization; ideally five or more per positional title. Of note, smaller organizations may collapse survey respondents into solely two categories, board member and staff, while larger organizations may use the full range of positional options including middle management and senior staff. Organizations will exercise the collapsing or expansion of categories based on a determination of cost benefits to confidentiality versus the most specific results possible. No limitation exists for use of the survey as number of organizational affiliates increases, and for any size of organization the higher the percentage of respondents for an organization, the more reliable the survey results (Hinkle et al., 2003).

Organizations that have not achieved a certain level of homeostasis represent another organizational type for which I do not recommend using the Nonprofit Ethics Survey. Specifically, organizations experiencing significant transition, such as if more than half of their employees or board members have less than six months of experience with the organization. Until the organization decreases the level of affiliate transition the Nonprofit Ethics Survey may not yield valid results for two reasons: (a) the extreme change may actually alter the ethical context of the organization through the influx of new affiliates and, (b) the socialization of affiliates into a particular organization's social context occurs over time, thus, new affiliates may not have enough experience with the organizations to have learned or understood the ethical context of the organization. If a

few members of the organization possess this status it will not greatly affect the validity of the results. However, if the organizational status represents extreme transition this could, understandably, have an impact.

The levels of variation regarding the emphasis on ethics due to professional affiliations or occupation within nonprofit organizations constitute another element of variation within the sector worth highlighting. Specifically, health care organizations have a greater emphasis on ethics due to dual regulatory demands within the medical services sector: (a) at the institutional level organizations may require ethics trainings or allegiance to ethics codes to maintain a license as a health care facility and, (b) at the individual level for each professional working within the healthcare setting to maintain a license within their area of specialty (e.g., physicians, nurses, and social workers all have professional ethical codes and licensing requirements). Thus, legislative and licensing requirements likely account for additional variation regarding levels of ethical awareness across the sector.

Scope of use for the Nonprofit Ethics Survey

Development of the Nonprofit Ethics Survey occurred specifically for use with organizations that compose the third sector. Thus, although some of the constructs measured by the survey have applicability to both the government and for profit sectors I have not empirically assessed the validity of this instrument with organizations in those two sectors. I cannot presume that the Nonprofit Ethics Survey would provide an accurate measurement of the ethical perceptions held by the organizational affiliates of the government or business sector.

The Nonprofit Ethics Survey provides critical feedback to philanthropic organizations about the current perceptions of ethics within the organization held by the affiliates. The survey results intend to serve as a catalyst for improving or maintaining the health of nonprofit organizations by providing an opportunity for data informed discussions to occur. However, the use of the Nonprofit Ethics Survey does not guarantee an ethical organization. Administration of the survey without meaningful time spent reviewing the results will not likely contribute to improving the ethical state of the organization. That said, two conflicting views receive support in the literature: (a) the belief that introducing an ethics tool or having a conversation about ethics can strengthen the ethical context of the organization and function as a low level ethical intervention and, (b) beliefs that the leadership of organizations has the largest influence over setting the ethical context of organizations. So, if the leadership introduces any ethics intervention or assessment to the organization in a manner that indicates ethics does not actually represent an important topic to the organization, the intervention intended to improve and assess ethics may actually reinforce the existing organizational culture that does not value ethics (Ethics Resource Center, 2008). Although both concepts likely constitute truth in various settings, I recommend organizations that choose to use the Nonprofit Ethics Survey dedicate adequate time and resources in the following ways to receive the maximum benefit from the survey: (a) promoting the survey to increase participation (b) understanding the implications of the survey results for their organization (c) implementing any changes indicated by the survey results and, (d) providing feedback to their affiliates regarding the survey report and resulting changes. The risk in not dedicating adequate time and resources to the use of the survey includes

not receiving the maximum benefit from the survey, decreasing the morale of affiliates who feel helpless or frustrated, and reinforcing an ethical context within the organization that does not value ethics.

The known limitations of the Nonprofit Ethics Survey include the need for additional testing to determine: (a) if reversing the Likert-style responses in each scale would have an impact on the statistical analysis, (b) if the results and information the survey provides will serve different types of organizations differently, (c) if the Governance construct could be successfully expanded, and (d) to evaluate the predictive criterion-validity of the survey. I will discuss each of these areas for future research in the next section of the chapter. To conclude this section, additional limitations of the survey and some anecdotal information gathered through the field testing of the survey with the seven organizations recruited to participate in the study follows. First, additional limitations to the survey include its existence in only one language and the need for an e-mail address and internet access to receive and take the survey.

Given the development of this survey occurred in a border community between the United States and Mexico, and because I anticipate the majority of organizations that initially use the survey will constitute San Diego nonprofits, the issue of having a linguistically and culturally appropriate Spanish language version of the survey requires further consideration.

The request for a Spanish language version arose through one of the organizations participating in the survey that employs five nonlinguistic individuals. Ultimately, as the five employees comprised a small element of the three hundred and twenty members of that particular organization it did not significantly impact this study. However, from an

end-user standpoint the consideration of developing a Spanish language version of the survey constitutes a genuine concern.

The computer infrastructure required to implement the survey appears related to the organizations type of service as some organizations mentioned the differences between employees that have immediate access to a computer assigned to individual employees versus employees who access computer in the organization through common areas or shared access. The issue of e-mail addresses and confidentiality also presented in a manner I didn't predict. I learned many organizations do not issue organizational e-mail addresses to their board members. This affects the use of the Nonprofit Ethics Survey in two ways: (a) greater protection of board member e-mail addresses by the organizations and, (b) additional "bounce back" or returned e-mails as individuals' change their personal e-mail addresses more frequently than organizational e-mail addresses. Thus, although the design of the Nonprofit Ethics Survey as an online tool provides significant benefits in the arena of ease of use, data collection, and report generation, some considerations exist.

Anecdotal experiences acquired through the use of the survey with seven local organizations included confidentiality and bureaucratic issues I encountered with larger organizations. Two organizations chose to only issue the survey to their board members and senior staff. I do not have an explanation for the hesitation of these organizations' leadership to use the survey with all their affiliates. However, I believe it raises a question of interest regarding what differences if any exist in these two organizations from the others in the study and what considerations caused the organizations to

participate with a limited number of their affiliates. The answers to these questions extended beyond the scope of this study but, represent a potential limitation of the study.

Directions for Future Research

The directions for future research related to the Nonprofit Ethics Survey encompass two directions: (a) additional validity and reliability testing of the survey instrument and, (b) assessment of the end-user experience with the data generated by the survey. I will discuss these two areas in the paragraphs that follow.

In the arena of additional instrument testing, I recommend further evaluating the reliability of the instrument and ruling out any positive response bias that may have been introduced by the order of the response options for the survey. Specifically, does reversing the Likert-style responses in each scale have an impact on the statistical analysis? Currently, the survey responses present from “Strongly Agree” to “Strongly Disagree” along a five-point scale, thus, in the proposed testing the responses would be ordered from “Strongly Disagree” to “Strongly Agree.”

I also recommend further assessment to determine if the preliminary Governance construct supported by this study can be successfully expanded. This would require further testing with a sample meeting the highest standards for rigor, based on the information from Meyers and colleagues (2006) that guided this study, a minimum sample size of 300.

Finally, I recommend conducting an evaluation of the predictive criterion-validity of the survey. This would provide an assessment of the survey’s ability to predict which organizations may be at greatest risk for an ethical lapse and which may be best protected. Specifically, this testing would involve determining if certain ranges of

response scores on the survey indicate a greater likelihood of organizational ethical misconduct or greater protection from ethical lapses.

The predictive criterion-validity testing relates closely with assessing the end-user experience of interpreting the data generated by the survey, the second area I identify for future research. I recommend a study focusing on the utility of the results reports provided by the survey to organizations. Specifically, can organizations manage an interpretation of the results internally, or do they require the services of a third party such as a consultant to make use of the data gathered by the survey? Additionally, how useful do organizations find the actual information provided by the survey responses related to identifying and implementing needed changes in policy, organizational structure, internal education campaigns, or other areas.

A related area of future research includes evaluating the benefit of the survey results to specific organizational types. This type of research would help determine if the survey equally benefits all types and sizes of organizations within the third sector. Specifically, does the survey work with organizations of a certain employee size, annual budget, level of stability, number of board members, or service arena? The Institute for Nonprofit Education and Research will host the survey on its website, thus, facilitating access to nonprofit organizations globally. A database will be created and maintained to capture the data from multiple organizations, over time, in exchange for free access to the survey. I anticipate that an analysis of the database once created will demonstrate the efficacy of the survey with various types of organizations, and from this experience a pattern of best use may emerge.

A final development step for the Nonprofit Ethics Survey related to future research includes creating a linguistic and culturally appropriate Spanish language version of the survey. This recommendation serves as particularly relevant given the development of the survey occurred in the international border region of San Diego, California.

Conclusion

The idea to create the Nonprofit Ethics Survey arose from recognition that nonprofit leaders (board members and executive staff) would benefit from access to a statistically valid and reliable means for assessing the perceptions of ethics held by all members of their organization, and from the realization that no tools designed exclusively for nonprofit organizations to engage in that type of assessment existed. Specifically, the leaders of nonprofit organizations needed a practitioner-friendly tool able to facilitate intra-organizational comparison of responses. To address this need, with the support of the Institute for Nonprofit Education and Research I identified key constructs relevant to assessing the organizational-level ethics of nonprofit organizations to develop a theoretically-grounded survey tool. Construct identification occurred through a qualitative process of interviewing nonprofit community members and a comprehensive literature review.

To test the draft instrument containing questions representing each of the constructs identified above I recruited and administered the instrument to approximately 530 individuals active within the nonprofit sector. Principal components analysis was applied in an effort to statistically refine the instrument and a measure of Cronbach's Alpha to measure the reliability of the final scales in the Nonprofit Ethics Survey.

Ultimately, the process of refinement yielded seven scales to measure the relevant underlying constructs. Each scale cohered above the generally accepted 0.70 measure of Cronbach's Alpha and provided a parsimonious and reliable measurement of the constructs. The seven constructs measured by the final survey tool are: Transparency; Open Communication; Decision Making; Ethics-Related Behaviors of Senior Management; Ethics-Related Behaviors of Board Members; Accountability; and Governance. The testing and refinement practices of this study served to produce a practitioner-friendly, statistically-sound, methodologically-rigorous tool that is well-grounded in the literature.

Although room for additional testing and expansion of the instrument certainly exists, the Nonprofit Ethics Survey represents the first known assessment tool of its kind designed exclusively for nonprofit leaders to assess the perceptions of ethics within their organizations. Taken together, the creation of an instrument such as the Nonprofit Ethics Survey, for assessing ethics within the nonprofit sector, will ensure that in the future organizations have the ability to accurately self-assess from an ethical perspective. As such, the development of this instrument represents a significant contribution to both the theoretical and empirical literature on organizational ethics, within the nonprofit sector and the field of third sector studies.

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Appendix A

Guidelines for Ethical Conduct Recommended by The Panel on the Nonprofit Sector

Appendix A

Guidelines for Ethical Conduct Recommended by The Panel on the Nonprofit Sector

Legal Compliance and Public Disclosure	
1	A charitable organization must comply with all applicable federal laws and regulations, as well as applicable laws and regulations of the states and the local jurisdictions in which it is based or operates. If the organization conducts programs outside the United States, it must also abide by applicable international laws, regulations and conventions that are legally binding on the United States.
2	A charitable organization should have a formally adopted, written code of ethics with which all of its directors or trustees, staff and volunteers are familiar and to which they adhere.
3	A charitable organization should adopt and implement policies and procedures to ensure that all conflicts of interest, or the appearance thereof, within the organization and the board are appropriately managed through disclosure, recusal, or other means.
4	A charitable organization should establish and implement policies and procedures that enable individuals to come forward with information on illegal practices or violations of organizational policies. This whistleblower policy should specify that the organization will not retaliate against, and will protect the confidentiality of, individuals who make good-faith reports.
5	A charitable organization should establish and implement policies and procedures to protect and preserve the organization's important documents and business records.
6	A charitable organization's board should ensure that the organization has adequate plans to protect its assets—its property, financial and human resources, programmatic content and material, and its integrity and reputation—against damage or loss. The board should review regularly the organization's need for general liability and directors' and officers' liability insurance, as well as take other actions necessary to mitigate risks.
7	A charitable organization should make information about its operations, including its governance, finances, programs and activities, widely available to the public. Charitable organizations also should consider making information available on the methods they use to evaluate the outcomes of their work and sharing the results of those evaluations.
Effective Governance	
8	A charitable organization must have a governing body that is responsible for reviewing and approving the organization's mission and strategic direction, annual budget and key financial transactions, compensation practices and policies, and fiscal and governance policies.
9	The board of a charitable organization should meet regularly enough to conduct its business and fulfill its duties.
10	The board of a charitable organization should establish its own size and structure and review these periodically. The board should have enough members to allow for full deliberation and diversity of thinking on governance and other organizational matters. Except for very small organizations, this generally means that the board should have at least five members.
11	The board of a charitable organization should include members with the diverse background (including, but not limited to, ethnic, racial and gender perspectives), experience, and organizational and financial skills necessary to advance the organization's mission.

12	substantial majority of the board of a public charity, usually meaning at least two-thirds of the members, should be independent. Independent members should not: (1) be compensated by the organization as employees or independent contractors; (2) have their compensation determined by individuals who are compensated by the organization; (3) receive, directly or indirectly, material financial benefits from the organization except as a member of the charitable class served by the organization; or (4) be related to anyone described above (as a spouse, sibling, parent or child), or reside with any person so described.
13	The board should hire, oversee, and annually evaluate the performance of the chief executive officer of the organization, and should conduct such an evaluation prior to any change in that officer's compensation, unless there is a multi-year contract in force or the change consists solely of routine adjustments for inflation or cost of living.
14	The board of a charitable organization that has paid staff should ensure that the positions of chief staff officer, board chair, and board treasurer are held by separate individuals. Organizations without paid staff should ensure that the positions of board chair and treasurer are held by separate individuals.
15	The board should establish an effective, systematic process for educating and communicating with board members to ensure that they are aware of their legal and ethical responsibilities, are knowledgeable about the programs and activities of the organization, and can carry out their oversight functions effectively.
16	Board members should evaluate their performance as a group and as individuals no less frequently than every three years, and should have clear procedures for removing board members who are unable to fulfill their responsibilities.
17	The board should establish clear policies and procedures setting the length of terms and the number of consecutive terms a board member may serve.
18	The board should review organizational and governing instruments no less frequently than every five years.
19	The board should establish and review regularly the organization's mission and goals and should evaluate, no less frequently than every five years, the organization's programs, goals and activities to be sure they advance its mission and make prudent use of its resources.
20	Board members are generally expected to serve without compensation, other than reimbursement for expenses incurred to fulfill their board duties. A charitable organization that provides compensation to its board members should use appropriate comparability data to determine the amount to be paid, document the decision and provide full disclosure to anyone, upon request, of the amount and rationale for the compensation.
Strong Financial Oversight	
21	A charitable organization must keep complete, current, and accurate financial records. Its board should receive and review timely reports of the organization's financial activities and should have a qualified, independent financial expert audit or review these statements annually in a manner appropriate to the organization's size and scale of operations.
22	The board of a charitable organization must institute policies and procedures to ensure that the organization (and, if applicable, its subsidiaries) manages and invests its funds responsibly, in accordance with all legal requirements. The full board should review and approve the organization's annual budget and should monitor actual performance against the budget.
23	A charitable organization should not provide loans (or the equivalent, such as loan guarantees, purchasing or transferring ownership of a residence or office, or relieving a debt or lease obligation) to directors, officers, or trustees.

24	A charitable organization should spend a significant percentage of its annual budget on programs that pursue its mission. The budget should also provide sufficient resources for effective administration of the organization, and, if it solicits contributions, for appropriate fundraising activities.
25	A charitable organization should establish clear, written policies for paying or reimbursing expenses incurred by anyone conducting business or traveling on behalf of the organization, including the types of expenses that can be paid for or reimbursed and the documentation required. Such policies should require that travel on behalf of the organization is to be undertaken in a cost-effective manner.
26	A charitable organization should neither pay for nor reimburse travel expenditures for spouses, dependents or others who are accompanying someone conducting business for the organization unless they, too, are conducting such business.
Responsible Fundraising	
27	Solicitation materials and other communications addressed to donors and the public must clearly identify the organization and be accurate and truthful.
28	Contributions must be used for purposes consistent with the donor's intent, whether as described in the relevant solicitation materials or as specifically directed by the donor.
29	A charitable organization must provide donors with specific acknowledgments of charitable contributions, in accordance with IRS requirements, as well as information to facilitate the donors' compliance with tax law requirements.
30	A charitable organization should adopt clear policies, based on its specific exempt purpose, to determine whether accepting a gift would compromise its ethics, financial circumstances, program focus or other interests.
31	A charitable organization should provide appropriate training and supervision of the people soliciting funds on its behalf to ensure that they understand their responsibilities and applicable federal, state and local laws, and do not employ techniques that are coercive, intimidating, or intended to harass potential donors.
32	A charitable organization should not compensate internal or external fundraisers based on a commission or a percentage of the amount raised
33	A charitable organization should respect the privacy of individual donors and, except where disclosure is required by law, should not sell or otherwise make available the names and contact information of its donors without providing them an opportunity at least once a year to opt out of the use of their names.

Appendix B

Topics of Discussion during the Breakfast Series on Ethics

Appendix B

Topics of Discussion during the Breakfast Series on Ethics

Month	Topic	Speaker*/Moderator
November 2005	Beyond Regulation (Panel Discussion)	Diana Aviv*, Peter Berns*, Dr. Robert Donmoyer, Florence Green*
December 2005	Is total transparency a prerequisite for ethical behavior?	Dr. Robert Donmoyer
January 2006	What obligations does tax exempt status create for serving local communities	Dr. Robert Donmoyer
February 2006	What are the ethical responsibilities of our governing boards?	Dr. Robert Donmoyer
March 2006	How do we ensure ethical financial management?	Dr. Robert Donmoyer
April 2006	What are nonprofits responsibilities to their employees?	Audrey Barrett
May 2006	How do charities and funders define their ethical responsibilities to each other?	Dr. Robert Donmoyer
June 2006	Presentation of themes identified through an analysis of the series.	Audrey Barrett & Laura Deitrick

Appendix C

Nonprofit Ethics Survey Instrument (Original)

Appendix C

Nonprofit Ethics Survey Instrument (Original)

Legend	
AET	Advocacy, Educational Opportunities & Training
Consent	Consent
DEB	Daily-Ethics Behaviors
Dichotomous	Yes/No Questions
DM	Decision Making
G	Governance
Likert	Likert-style Rating Scale
M	Mission
OC	Open Communication
OE	Open Ended
OR	Overall Ratings
SL	Skip Logic
T	Transparency
Time	Time

ID	Text	Type
Consent	I have read the above consent form and freely agree to participate in this project. I understand my responses are completely confidential.	Dichotomous
Daily-Ethics Behaviors		
	Regarding our organization's board of directors I believe the following:	Likert
DEB 1	They set a good example of ethical conduct.	Likert
DEB 2	They make a reasonable effort to keep their promises and commitments.	Likert
DEB 3	They provide timely information about what is happening in our organization.	Likert
DEB 4	They communicate ethics as a priority.	Likert
DEB 5	They stress ethics and ethical behavior as an organizational priority.	Likert
	Regarding our organization's senior/executive staff I believe the following:	N/A
DEB 6	They set a good example of ethical conduct.	Likert
DEB 7	They make a reasonable effort to keep their promises and commitments.	Likert
DEB 8	They provide timely information about what is happening in our organization.	Likert

DEB 9	They communicate ethics as a priority.	Likert
DEB 10	They stress ethics and ethical behavior as an organizational priority.	Likert
	Regarding my coworkers I believe the following:	N/A
DEB 11	They consider ethics in making decisions.	Likert
DEB 12	They set a good example of ethical conduct.	Likert
DEB13	They talk about ethics on a regular basis.	Likert
	Regarding ethical accountability I believe the following:	N/A
DEB 14	Board members are held accountable if caught violating ethical standards.	Likert
DEB 15	Senior/executive staff members are held accountable if caught violating ethical standards.	Likert
DEB 16	Middle Management staff members are held accountable if caught violating ethical standards.	Likert
DEB 17	Line staff members are held accountable if caught violating ethical standards.	Likert
DEB 18	My coworkers are held accountable if caught violating ethical standards.	Likert
SL 1	Our organization has standards for ethical behavior.	Dichotomous
	Regarding our organizational standards I believe the following:	N/A
OR1	Our organization's standards for ethical behavior are clear.	Likert
Mission		
	Regarding our organization's mission I believe the following	
M 1	I can name the key elements of our mission statement.	
M 2	Most members of our organization can name the key elements of our mission statement.	
M 3	Our organization trains new members (employees/board members/volunteers) on our mission statement.	
M 4	I can recite our mission statement verbatim.	
M 5	All our current programs are in line with the key elements of our mission statement.	
M 6	Ideas for new programs are discussed/developed with our mission in mind.	
M 7	We do not accept funding for projects that are not in line with our mission.	
M 8	If a fundable idea is especially compelling, we rewrite our mission statement to incorporate the	

	new concept.	
M 9	I consider our organization's mission when performing my regular activities/responsibilities.	
M 10	Our organization's mission influences operational decisions in our agency.	
Organizational Transparency		
	Regarding transparency in our organization I believe the following:	N/A
T 1	Our audited financial statements are available to anyone who asks to see them.	Likert
T 2	Staff members have access to financial statements presented to our board.	Likert
T 3	The rationale for major financial decisions made by our board/senior staff is typically shared with staff following a significant action.	Likert
T 4	Our by-laws are available to the public.	Likert
T 5	Our open board meeting minutes are available to staff.	Likert
T 6	Our open board meeting minutes are available to the public.	Likert
T 7	Results from the evaluations of our programs are available to the public.	Likert
T 8	A list of our board members is available to the public.	Likert
T 9	Information on our salary ranges is available to the public.	Likert
T 10	Our open board meetings are adequately publicized to staff.	Likert
T 11	Our open board meetings are adequately publicized to the public.	Likert
T 12	Overall, members of our organization recognize the value of transparency.	Likert
T 13	Our organization is successful at being transparent.	Likert
Open Communication		
	Regarding open communication in our organization I believe the following:	
OC 1	Staff members are encouraged to report/discuss weaknesses they perceive in our organization's structure to their immediate supervisor or other appropriate staff member.	Likert
OC 2	Staff members are encouraged to report/discuss weaknesses they perceive in program delivery or design to their immediate supervisor or other appropriate staff member.	Likert

OC 3	Staff members are encouraged to report illegal activity at work.	Likert
OC 4	Learning from mistakes is encouraged in our organization.	Likert
OC 5	Staff members are encouraged to report/discuss weaknesses they perceive in our organization's policies to their immediate supervisor or other appropriate staff member.	Likert
OC 6	We have clear organizational policies that direct how we report problems/concerns to supervisors.	Likert
OC 7	We consciously strive for continual improvement in our organization.	Likert
OC 8	There are mechanisms in place where new ideas can be vetted in our organization.	Likert
OC 9	There are mechanisms in place where suggestions for improvement can be vetted in our organization	Likert
Decision Making		
	Regarding how decisions are made in our organization I believe the following:	
DM 1	I am confident that careful thought has been put into how effective new programs will be.	Likert
DM 2	When new policies are put into place there is communication about the need for the policy.	Likert
DM 3	When new programs are launched I am confident there is research demonstrating the need for the program.	Likert
DM 4	When new programs are launched I am confident input from the population the program will serve has been obtained.	Likert
DM 5	Program evaluation results are considered when assessing how programs are delivered.	Likert
DM 6	Clients are asked directly whether services they receive meet their needs.	Likert
DM 7	Clients are surveyed/asked regularly to comment on the quality of services they receive.	Likert
DM 8	Clients are surveyed/asked regularly to comments on the effectiveness of services they receive.	Likert
DM 9	Our services fulfill a distinct community need.	Likert
DM 10	Services we provide are not offered by another local agency	
Advocacy, Educational Opportunities, & Training		
	Regarding advocacy, educational opportunities, and training in our organization I believe the following:	

AET 1	Staff members understand how to advocate in support of our mission and/or clients.	Likert
AET 2	Staff members participate in advocacy campaigns in support of our mission and/or clients.	Likert
AET 3	Board members understand how to advocate in support of our mission and/or clients.	Likert
AET 4	Board members participate in advocacy campaigns in support of our mission and/or clients.	Likert
AET 5	All incoming staff members receive an orientation that includes information on standard operating procedures, policies, programs, mission, and ethics.	Likert
AET 6	All incoming board members receive an orientation that includes information on standard operating procedures, policies, programs, mission, and ethics.	Likert
AET 7	Staff members are financially encouraged to update their knowledge and skills.	Likert
AET 8	Staff members are provided paid release time to update their knowledge and skills.	Likert
AET 9	Board members are financially encouraged to update their knowledge and skills.	Likert
AET 10	Our organization feels it is important to engage in advocacy efforts that support our mission.	
Overall Ethics Ratings		
	Regarding our organization I believe the following:	
OR 2	Our organization is ethical.	Likert
OR 3	Our organizational culture is conducive to ethical behavior.	Likert
	On a scale of 1 to 10 with ten meaning "completely ethical" and one meaning "not at all ethical" please rate your organization:	
OR 4	I rate our organization:	Likert
General Respondent Information		
Position	In my organization I hold a position best described as:	Board Member Senior Staff Middle Management Line Staff Other (Specify)
Time	I have been with this organization for:	Less than 1 yr 1-5 years 6-10 years 11-15 years

		16-20 years 21 or more yrs
SL 2	I am a voting member of our board.	Dichotomous
Governance* These questions are only asked of voting board members		
	As a voting member of the board I believe the following:	
G 1*	When joining the board, members sign a memorandum of agreement that spells out the expectations of our position.	Likert
G 2*	Board members have a responsibility to resign if they can no longer meet the expectations of the position.	Likert
G 3*	Board members do resign if they are no longer meeting the expectations of their position.	Likert
G 4*	Our board members understand the roles and responsibilities of their position.	Likert
G 5*	Our organization views the existing legal requirements as the minimum ethical standard.	Likert
G 6*	Our organization makes efforts to achieve a higher standard than the minimum legal requirements.	Likert
G 7*	Board members understand their legal responsibilities.	Likert
G 8*	Board members are given meeting/organizational materials prior to meetings (reports/briefs/financial statements).	Likert
G 9*	Board members are expected to dedicate time to reading materials that are distributed prior to board meetings before attending the meeting.	Likert
G 10*	Board members typically prepare for meetings by reading materials in advance.	Likert
G 11*	At board meetings, board members are encouraged to report/discuss weaknesses they perceive in our organization's structure.	Likert
G 12*	At board meetings, board members are encouraged to report/discuss weaknesses they perceive in our organization's programs.	Likert
G 13*	At board meetings, board members are encouraged to report/discuss weaknesses they perceive in our organization's operating policies.	Likert
G 14*	Board members (or a board committee) review compensation and benefit packages for the entire staff on a regular basis to ensure staff of treated fairly.	Likert
G 15*	The distribution of available HR benefits is	Likert

	equitable for all types of positions.	
G 16*	Board members review executive compensation and benefits packages on a regular basis to ensure that compensation is not excessive.	Likert
G 17*	Board members receive detailed financial statements regularly.	Likert
G 18*	Board members understand how to read and interpret financial statements.	Likert
G 19*	Board members receive a presentation of our financial audit by the auditing agency at a board meeting or retreat regularly.	Likert
G 20*	Our by-laws call for financial audits regularly (annually, biennially, etc.).	Likert
SL 3*	We have a conflict of interest policy for board members	Dichotomous
	Regarding our conflict of interest policy I believe the following:	
G 21*	Our conflict of interest policy for board members includes items on nepotism.	Likert
G 22*	Our conflict of interest policy for board members should include items on nepotism.	Likert
G 23*	Our conflict of interest policy for board members includes items on compensation.	Likert
G 24*	Our conflict of interest policy for board members should include items on compensation.	Likert
OE 1	Please provide any additional information about ethic issues, ethical culture in your organization, or this survey in the space below. Thank You!	Open Ended

Appendix D

Nonprofit Ethics Survey Instrument (Revised)

Appendix D

Nonprofit Ethics Survey Instrument (Revised)

Legend	
ACT	Accountability
AET	Advocacy, Educational Opportunities & Training
Consent	Consent
DEB	Daily-Ethics Behaviors
DEB BM	Daily-Ethics Behaviors of Board Members
DEB SR	Daily-Ethics Behaviors of Senior Staff
Dichotomous	Yes/No Questions
DM	Decision Making
G	Governance
Likert	Likert-style Rating Scale
M	Mission
OC	Open Communication
OE	Open Ended
OR	Overall Ratings
S	Support
SL	Skip Logic
T	Transparency
Time	Time

New ID	Old ID	Text	Type
Consent	Consent	I have read the above consent form and freely agree to participate in this project. I understand my responses are completely confidential.	Dichotomous
		Regarding our organization's board of directors I believe the following:	Likert
DEB BM 1	DEB 1	They set a good example of ethical conduct.	Likert
DEB BM 2	DEB 2	They make a reasonable effort to keep their promises and commitments.	Likert
DEB BM 3	DEB 3	They provide timely information about what is happening in our organization.	Likert
DEB BM 4	DEB 4	They communicate ethics as a priority.	Likert
DEB BM 5	DEB 5	They stress ethics and ethical behavior as an organizational priority.	Likert
		Regarding our organization's senior/executive staff I believe the following:	N/A

DEB SR 1	DEB 6	They set a good example of ethical conduct.	Likert
DEB SR 2	DEB 7	They make a reasonable effort to keep their promises and commitments.	Likert
DEB SR 3	DEB 8	They provide timely information about what is happening in our organization.	Likert
DEB SR 4	DEB 9	They communicate ethics as a priority.	Likert
DEB SR 5	DEB 10	They stress ethics and ethical behavior as an organizational priority.	Likert
		Regarding ethical accountability I believe the following:	N/A
ACT 1	DEB 14	Board members are held accountable if caught violating ethical standards.	Likert
ACT 2	DEB 15	Senior/executive staff members are held accountable if caught violating ethical standards.	Likert
ACT 3	DEB 16	Middle Management staff members are held accountable if caught violating ethical standards.	Likert
ACT 4	DEB 17	Line staff members are held accountable if caught violating ethical standards.	Likert
ACT 5	DEB 18	My coworkers are held accountable if caught violating ethical standards.	Likert
SL 1	SL 1	Our organization has standards for ethical behavior.	Dichotomous
		Regarding our organizational standards I believe the following:	N/A
OR1	OR1	Our organization's standards for ethical behavior are clear.	Likert
Organizational Transparency			
		Regarding transparency in our organization I believe the following:	N/A
T 1	T 1	Our audited financial statements are available to anyone who asks to see them.	Likert
T 2	T 2	Staff members have access to financial statements presented to our board.	Likert
T 3	T 3	The rationale for major financial decisions made by our board/senior staff is typically shared with staff following a significant action.	Likert
T 4	T 4	Our by-laws are available to the public.	Likert
T 5	T 5	Our open board meeting minutes are available to staff.	Likert

T 6	T 6	Our open board meeting minutes are available to the public.	Likert
T 7	T 7	Results from the evaluations of our programs are available to the public.	Likert
T 8	T 10	Our open board meetings are adequately publicized to staff.	Likert
T 9	T 11	Our open board meetings are adequately publicized to the public.	Likert
Open Communication			
		Regarding open communication in our organization I believe the following:	N/A
OC 1	OC 1	Staff members are encouraged to report/discuss weaknesses they perceive in our organization's structure to their immediate supervisor or other appropriate staff member.	Likert
OC 2	OC 2	Staff members are encouraged to report/discuss weaknesses they perceive in program delivery or design to their immediate supervisor or other appropriate staff member.	Likert
OC 3	OC 3	Staff members are encouraged to report illegal activity at work.	Likert
OC 4	OC 5	Staff members are encouraged to report/discuss weaknesses they perceive in our organization's policies to their immediate supervisor or other appropriate staff member.	Likert
OC 5	OC 6	We have clear organizational policies that direct how we report problems/concerns to supervisors.	Likert
Decision Making			
		Regarding how decisions are made in our organization I believe the following:	N/A
DM 1	DM 1	I am confident that careful thought has been put into how effective new programs will be.	Likert
DM 2	DM 3	When new programs are launched I am confident there is research demonstrating the need for the program.	Likert
DM 3	DM 4	When new programs are launched I am confident input from the population the program will serve has been obtained.	Likert
DM 4	DM 6	Clients are asked directly whether services they receive meet their needs.	Likert

DM 5	DM 7	Clients are surveyed/asked regularly to comment on the quality of services they receive.	Likert
DM 6	DM 8	Clients are surveyed/asked regularly to comments on the effectiveness of services they receive.	Likert
Support Questions			
S	OC 4	Learning from mistakes is encouraged in our organization.	Likert
S	OC 7	We consciously strive for continual improvement in our organization.	Likert
S	OC 8	There are mechanisms in place where new ideas can be vetted in our organization.	Likert
S	OC 9	There are mechanisms in place where suggestions for improvement can be vetted in our organization	Likert
		Regarding our organization's mission I believe the following	N/A
S 4	M 1	I can name the key elements of our mission statement.	Likert
S 5	M 2	Most members of our organization can name the key elements of our mission statement.	Likert
S 6	M 3	Our organization trains new members (employees/board members/volunteers) on our mission statement.	Likert
S 7	M 4	I can recite our mission statement verbatim.	Likert
S 8	M 5	All our current programs are in line with the key elements of our mission statement.	Likert
S 9	M 9	I consider our organization's mission when performing my regular activities/responsibilities.	Likert
Overall Ethics Ratings			
		Regarding our organization I believe the following:	N/A
OR 2	OR 2	Our organization is ethical.	Likert
OR 3	OR 3	Our organizational culture is conducive to ethical behavior.	Likert
		On a scale of 1 to 10 with ten meaning "completely ethical" and one meaning "not at all ethical" please rate your organization:	N/A
OR 4	OR 4	I rate our organization:	Likert

General Respondent Information			
Position	Position	In my organization I hold a position best described as:	Board Member Senior Staff Middle Management Line Staff Other (Specify)
Time	Time	I have been with this organization for:	Less than 1 yr 1-5 years 6-10 years 11-15 years 16-20 years 21 or more yrs
SL	SL 2	I am a voting member of our board.	Dichotomous
Governance* These questions are only asked of voting board members			
		As a voting member of the board I believe the following:	N/A
G 1*	G 1	When joining the board, members sign a memorandum of agreement that spells out the expectations of our position.	Likert
G 2*	G 2	Board members have a responsibility to resign if they can no longer meet the expectations of the position.	Likert
G 3*	G 3	Board members do resign if they are no longer meeting the expectations of their position.	Likert
G 4*	G 4	Our board members understand the roles and responsibilities of their position.	Likert
G 5*	G 5	Our organization views the existing legal requirements as the minimum ethical standard.	Likert
G 6*	G 6	Our organization makes efforts to achieve a higher standard than the minimum legal requirements.	Likert
G 7*	G 7	Board members understand their legal responsibilities.	Likert
G 8*	G 8	Board members are given meeting/organizational materials prior to meetings (reports/briefs/financial statements).	Likert
G 9*	G 9	Board members are expected to dedicate time to reading materials that are distributed prior to board meetings before attending the meeting.	Likert
G 10*	G 10	Board members typically prepare for meetings by reading materials in advance.	Likert
G 11*	G 11	At board meetings, board members are encouraged to report/discuss weaknesses they perceive in our organization's structure.	Likert

G 12*	G 12	At board meetings, board members are encouraged to report/discuss weaknesses they perceive in our organization's programs.	Likert
G 13*	G 13	At board meetings, board members are encouraged to report/discuss weaknesses they perceive in our organization's operating policies.	Likert
G 14*	G 14	Board members (or a board committee) review compensation and benefit packages for the entire staff on a regular basis to ensure staff of treated fairly.	Likert
G 15*	G 15	The distribution of available HR benefits is equitable for all types of positions.	Likert
G 16*	G 16	Board members review executive compensation and benefits packages on a regular basis to ensure that compensation is not excessive.	Likert
G 17*	G 17	Board members receive detailed financial statements regularly.	Likert
G 18*	G 18	Board members understand how to read and interpret financial statements.	Likert
G 19*	G 19	Board members receive a presentation of our financial audit by the auditing agency at a board meeting or retreat regularly.	Likert
G 20*	G 20	Our by-laws call for financial audits regularly (annually, biennially, etc.).	Likert
SL 3*	SL 3	We have a conflict of interest policy for board members	Dichotomous
		Regarding our conflict of interest policy I believe the following:	
G 21*	G 21	Our conflict of interest policy for board members includes items on nepotism.	Likert
G 22*	G 22	Our conflict of interest policy for board members should include items on nepotism.	Likert
G 23*	G 23	Our conflict of interest policy for board members includes items on compensation.	Likert
G 24*	G 24	Our conflict of interest policy for board members should include items on compensation.	Likert
		Regarding advocacy, educational opportunities, and training in our organization I believe the following:	
G 25*	AET 1	Staff members understand how to advocate in support of our mission and/or clients.	Likert

G 26*	AET 2	Staff members participate in advocacy campaigns in support of our mission and/or clients.	Likert
G 27*	AET 3	Board members understand how to advocate in support of our mission and/or clients.	Likert
G 28*	AET 4	Board members participate in advocacy campaigns in support of our mission and/or clients.	Likert
G 29*	AET 5	All incoming staff members receive an orientation that includes information on standard operating procedures, policies, programs, mission, and ethics.	Likert
G 30*	AET 6	All incoming board members receive an orientation that includes information on standard operating procedures, policies, programs, mission, and ethics.	Likert
G 31*	AET 7	Staff members are financially encouraged to update their knowledge and skills.	Likert
G 32*	AET 8	Staff members are provided paid release time to update their knowledge and skills.	Likert
G 33*	AET 9	Board members are financially encouraged to update their knowledge and skills.	Likert
G 34*	AET 10	Our organization feels it is important to engage in advocacy efforts that support our mission.	Likert
G 35*	T 12	Overall, members of our organization recognize the value of transparency.	Likert
G 36*	T 13	Our organization is successful at being transparent.	Likert
G 37*	M 6	Ideas for new programs are discussed/developed with our mission in mind.	Likert
G 38*	M 7	We do not accept funding for projects that are not in line with our mission.	Likert
G 39*	M 8	If a fundable idea is especially compelling, we rewrite our mission statement to incorporate the new concept.	Likert
G 40*	M 10	Our organization's mission influences operational decisions in our agency.	Likert
OE 1	OE 1	Please provide any additional information about ethic issues, ethical culture in your organization, or this survey in the space below. Thank You!	Open Ended